

**AGENDA OF A REGULAR MEETING - SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION AS THE NATIONAL CITY
REDEVELOPMENT AGENCY**



**COUNCIL CHAMBERS
CIVIC CENTER
1243 National City Blvd.
National City, California**

TUESDAY, SEPTEMBER 19, 2017 – 6:00 PM

RON MORRISON
Chairman

JERRY CANO
Boardmember

ALBERT MENDIVIL
Boardmember

MONA RIOS
Boardmember

ALEJANDRA SOTELO-SOLIS
Boardmember

**1243 National City Blvd.
National City
619-336-4240**

**Meeting agendas and
minutes available on web**

WWW.NATIONALCITYCA.GOV

ORDER OF BUSINESS: Public sessions of all Regular Meetings of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency begin at 6:00 p.m. on the first and third Tuesday of each month. Public hearings begin at 6:00 p.m. unless otherwise noted. Closed Sessions begin at 5:00 p.m. or such other time as noted on the agenda. If a workshop is scheduled, the subject and time of the workshop will appear on the agenda.

REPORTS: All regular meeting agenda items and reports as well as all documents and writings distributed to the Board less than 72 hours prior to the meeting, are available for review at the entry to the Council Chambers. Regular Meetings of the Board are webcast and archived on the City's website **www.nationalcityca.gov**.

PUBLIC COMMENTS: Prior to the Business portion of the agenda, the Board will receive public comments regarding any matters within the jurisdiction of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency. Members of the public may also address any item on the agenda at the time the item is considered by the Board. Persons who wish to address the Board are requested to fill out a "Request to Speak" form available at the entrance to the City Council Chambers, and turn in the completed form to the City Clerk. The Chairperson will separately call for testimony of those persons who have turned in a "Request to Speak" form. If you wish to speak, please step to the podium at the appropriate time and state your name and address (optional) for the record. The time limit established for public testimony is three minutes per speaker unless a different time limit is announced. Speakers are encouraged to be brief. The Chairperson may limit the length of comments due to the number of persons wishing to speak or if comments become repetitious or irrelevant.

WRITTEN AGENDA: With limited exceptions, the Board may take action only upon items appearing on the written agenda. Items not appearing on the agenda must be brought back on a subsequent agenda unless they are of a demonstrated emergency or urgent nature, and the need to take action on such items arose after the agenda was posted.

CONSENT AGENDA: Consent calendar items involve matters which are of a routine or noncontroversial nature. All consent items are adopted by approval of a single motion by the City Council. Prior to such approval, any item may be removed from the consent portion of the agenda and separately considered, upon request of a Councilmember, a staff member, or a member of the public.

Upon request, this agenda can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please contact the City Clerk's Office at (619) 336-4228 to request a disability-related modification or accommodation. Notification 24-hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Spanish audio interpretation is provided during Board Meetings. Audio headphones are available in the lobby at the beginning of the meeting.

Audio interpretación en español se proporciona durante sesiones del Consejo Municipal. Los audiófonos están disponibles en el pasillo al principio de la junta.

THE BOARD REQUESTS THAT ALL CELL PHONES AND PAGERS BE TURNED OFF DURING BOARD MEETINGS.

OPEN TO THE PUBLIC
SUCCESSOR AGENCY AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS (THREE-MINUTE TIME LIMIT)

CONSENT CALENDAR

1. [Successor Agency Warrant Register #5 for the period of 07/26/17 through 08/01/17 in the amount of \\$256,374.24. \(Finance\)](#)
2. [Successor Agency Warrant Register #6 for the period of 8/02/17 through 8/08/17 in the amount of \\$0.00. \(Finance\)](#)

PUBLIC HEARINGS

NON CONSENT RESOLUTIONS

3. [Resolution of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency approving an increase of \\$383,203 to the Recognized Obligation Payment Schedule \(ROPS\) for the period January 1, 2018 through June 30, 2018 \(Amended ROPS 17-18B\) and authorizing a corresponding increase in the Successor Agency's budget for Fiscal Year 2018, based on Successor Agency fund balance, upon approval of the Amended ROPS 17-18B by the State Department of Finance. \(Successor Agency\)](#)

NEW BUSINESS

STAFF REPORTS

4. [Staff Report: Status Report on the Refunding of the Successor Agency's \\$47.2 Million in Outstanding Tax Allocation Bonds with Anticipated Annual Debt Service Savings of over \\$1.0 Million. \(Successor Agency\)](#)

MEMBER REPORTS

CLOSED SESSION REPORT

ADJOURNMENT

Regular Meeting of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency - Tuesday -

October 3, 2017 - 6:00 p.m. - Council Chambers - National City,
California.

The following page(s) contain the backup material for Agenda Item: Successor Agency Warrant Register #5 for the period of 07/26/17 through 08/01/17 in the amount of \$256,374.24. (Finance)

**SUCCESSOR AGENCY TO
THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY
AGENDA STATEMENT**

MEETING DATE: September 19, 2017

AGENDA ITEM NO. |

ITEM TITLE:

Successor Agency Warrant Register #5 for the period of 07/26/17 through 08/01/17 in the amount of \$256,374.24. (Finance)

PREPARED BY: K. Apalategui
PHONE: 619-336-4572

DEPARTMENT: Finance

APPROVED BY: 

EXPLANATION:

Pursuant to ABX1 26, all redevelopment agencies in the State of California were dissolved as of February 1, 2012. Upon dissolution of the City of National City's Redevelopment Agency, the City assumed the role of Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency").

In order to streamline the payment process, all check-paid expenses of the Successor Agency are paid by the City. The Successor Agency then reimburses the City. Successor Agency wires are paid directly from the Successor Agency account.

Attached is a detailed listing of all Successor Agency expenses for the period, which total \$256,374.24. Staff requests approval of payments of Successor Agency expenses.

FINANCIAL STATEMENT:

APPROVED:  **Finance**

ACCOUNT NO.

APPROVED: _____ **MIS**

Reimbursement total \$256,374.24.

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: **INTRODUCTION:** ☐ **FINAL ADOPTION:** ☐

STAFF RECOMMENDATION:

Ratification of reimbursement in the amount of \$256,374.24

BOARD / COMMISSION RECOMMENDATION:

ATTACHMENTS:

Successor Agency Warrant Register #5



**SUCCESSOR AGENCY
WARRANT REGISTER #5
8/1/2017**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
GEOSYNTEC CONSULTANTS INC	ENVIRONMENTAL SVCS FOR SUCCESSOR AGENCY	330117	8/1/17	2,664.30

A/P Total \$ **2,664.30**

Total disbursements paid with City's Funds

<u>WIRES</u>				
THE BANK OF NEW YORK MELLON	N C 1999 TAX ALLOCATION HOUSING BONDS	870444	7/31/17	253,709.94

GRAND TOTAL \$ **256,374.24**

The following page(s) contain the backup material for Agenda Item: Successor Agency Warrant Register #6 for the period of 8/02/17 through 8/08/17 in the amount of \$0.00.
(Finance)

**SUCCESSOR AGENCY TO
THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY
AGENDA STATEMENT**

MEETING DATE: September 19, 2017

AGENDA ITEM NO. |

ITEM TITLE:

Successor Agency Warrant Register #6 for the period of 8/02/17 through 8/08/17 in the amount of \$0.00. (Finance)

PREPARED BY: K. Apalategui
PHONE: 619-336-4572

DEPARTMENT: Finance

APPROVED BY: 

EXPLANATION:

Pursuant to ABX1 26, all redevelopment agencies in the State of California were dissolved as of February 1, 2012. Upon dissolution of the City of National City's Redevelopment Agency, the City assumed the role of Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency").

In order to streamline the payment process, the City pays all expenses of the Successor Agency. The Successor Agency then reimburses the City.

No Successor Agency Warrants issued for the period of 8/02/17 – 8/08/17.

FINANCIAL STATEMENT:

ACCOUNT NO.

Reimbursement total \$0.00.

APPROVED:  **Finance**

APPROVED: _____ **MIS**

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: **INTRODUCTION:** ☐ **FINAL ADOPTION:** ☐

STAFF RECOMMENDATION:

Ratification of reimbursement in the amount of \$0.00.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

Successor Agency Warrant Register #6



**SUCCESSOR AGENCY
WARRANT REGISTER #6
8/8/2017**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
	NO WARRANTS PROCESSED TO SUCCESSOR AGENCY FOR THE WEEK OF 08/02/2017 - 08/08/2017			
			A/P Total	\$ -
			Total disbursements paid with City's Funds	
			GRAND TOTAL	\$ -

The following page(s) contain the backup material for Agenda Item: Resolution of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency approving an increase of \$383,203 to the Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2018 through June 30, 201

**THE SUCCESSOR AGENCY TO
THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY
AGENDA STATEMENT**

MEETING DATE: September 19, 2017

AGENDA ITEM NO. _____

ITEM TITLE:

Resolution of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency approving an increase of \$383,203 to the Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2018 through June 30, 2018 (Amended ROPS 17-18B) and authorizing a corresponding increase in the Successor Agency's budget for Fiscal Year 2018, based on Successor Agency fund balance, upon approval of the Amended ROPS 17-18B by the State Department of Finance.

PREPARED BY: Brad Raulston, Executive Director

DEPARTMENT: Successor Agency

PHONE: (619) 336-4256

APPROVED BY: _____

EXPLANATION:

Health and Safety Code Section 34177 requires Successor Agencies to prepare a Recognized Obligation Payment Schedule (ROPS) before each fiscal period that details amounts required to be spent and the source of funds for those expenditures. Each ROPS must be submitted to the Oversight Board for approval after which it is forwarded for review and approval to the State Department of Finance (DOF), with copies to the County Auditor and Controller and State Controller's Office. Beginning with the ROPS that was effective on July 1, 2016, payment schedules are to be prepared on an annual fiscal year basis rather than semi-annually. Successor agencies are allowed, with approval by the Oversight Board and DOF, to amend the annual ROPS once, but only with respect to amounts requested for the second half of the ROPS period.

Before the Successor Agency today is Amended ROPS 17-18B that would increase the amounts authorized in ROPS 17-18 for items 12, 176, and 179. Items 12 and 176 pertain to environmental remediation costs for the Paradise Creek housing project. Item 179 is the cost sharing agreement for joint defense with respect to the Affordable Housing Coalition litigation. The Amended ROPS 17-18B is due to the State Department of Finance by October 1, 2017. Please see attached staff report for further details.

FINANCIAL STATEMENT:

ACCOUNT NO. Fund 711: Total increase in appropriations of \$383,203 distributed to legal, professional, and contract services

APPROVED: _____ **Finance**

APPROVED: _____ **MIS**

ENVIRONMENTAL REVIEW:

Pursuant to Title 15 of the California Code of Regulations, Section 15378(b)(4), this item is not subject to the California Environmental Quality Act review because the recommended approvals are not considered a project and are governmental funding mechanisms and fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant environmental impact.

ORDINANCE: **INTRODUCTION:** ☐

FINAL ADOPTION: ☐

STAFF RECOMMENDATION:

Adopt the resolution and submit the Amended ROPS 17-18B to the Oversight Board for approval and subsequent submittal to the State and the County.

BOARD / COMMISSION RECOMMENDATION:

Not Applicable.

ATTACHMENTS:

1. Staff Report
2. Resolution with Exhibit "A" (Amended ROPS for the period of January 1, 2018 through June 20, 2018 (Amended ROPS 17-18B))

CITY OF NATIONAL CITY

SUCCESSOR AGENCY STAFF REPORT

September 19, 2017

Item:

Resolution of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency approving an increase of \$383,203 to the Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2018 through June 30, 2018 (Amended ROPS 17-18B) and authorizing a corresponding increase in the Successor Agency's budget for Fiscal Year 2018, based on Successor Agency fund balance, upon approval of the Amended ROPS 17-18B by the State Department of Finance

Background:

One of the changes to the redevelopment agency dissolution law that was enacted in 2015 via SB 107 was the requirement that for fiscal periods beginning on or after July 1, 2016, the ROPS would be prepared on an annual basis instead of once every six months. ROPS 16-17 was the first annual ROPS. Each successor agency is allowed one amendment to the annual ROPS, but it must be submitted to DOF by October 1 and Successor agencies may only amend the amounts requested for payment of approved enforceable obligations that fall within the "B" portion of the year (January through June); no new obligations can be created through the amendment process. In addition, the Oversight Board must make a finding that the revision is necessary for payment of the obligation.

Discussion:

The Amended ROPS 17-18B form shows an increase of \$100,000 for Item 12 (WI-TOD Remediation Planning), an increase of \$273,203 for Item 176 (Unforeseen SA Remediation cost obligation for WI-TOD Phase II), and an increase of \$10,000 for Item 179 (Joint Defense and Cost Sharing Agreement with respect to the Affordable Housing Coalition litigation).

Item 12: ROPS 16-17 authorized \$200,000 in Redevelopment Property Tax Trust Fund ("RPTTF") monies for this item. The approved ROPS 17-18 assumed that \$100,000 of the funds authorized for ROPS 16-17 would be spent and thus shows the expenditure of \$100,000 of reserve balance funds (previously authorized but unspent RPTTF monies) in the "A" portion (not shown in the amended ROPS schedule) for remediation planning for Phase II of the WI-TOD affordable housing project. Because none of the \$200,000 was spent during fiscal year 2016-17, Amended ROPS 17-18B requests the carryover of the remaining \$100,000, which, if approved, would result in a total authorization of \$200,000 for ROPS 17-18. This work is being done by EnSafe (previously E2ManageTech) and entails assisting with obtaining regulatory approvals and implementation of the Property Mitigation Plan for environmental remediation of the Westside Infill Transit Oriented Development (WI-TOD) housing project site and the adjacent Park site development located on the west side of Paradise Creek, pursuant to the Agency's obligation to carry out the Disposition and Development Agreement by and between the Community Development Commission of the City of National City and Paradise Creek Housing Partners, LP, dated June 21, 2011. Delays in the project schedule have pushed the expenditures for these services into fiscal year 2017-18.

Item 176: The approved ROPS 17-18 included \$2,200,000 in the “A” portion (not shown in the amended ROPS schedule) as a carry-over amount from ROPS 16-17 for environmental remediation of the WI-TOD Phase II site. Of that \$2,200,000, \$200,000 was described as being carried over for the housing portion of the project and \$2,000,000 for the park portion of the project. As work progressed during the 16-17 period, however, it became clear that more than \$200,000 would be unspent on the housing portion of the project by the end of that period. By the end of ROPS 16-17, there was an outstanding balance of \$473,203 out of the \$2,790,000 originally authorized in ROPS 15-16B. This amendment seeks an increase of \$273,203 in expenditure authorization during ROPS 17-18 to be able to utilize the entire outstanding balance for the work remaining on the housing portion of the project. The balance will be used to pay for Health and Safety Plan requirements through the end of the project for both hardscape and landscape work and haul off of contaminated soil in preparation for gas line trenching and landscaping. The funding source would be cash on hand (reserve balance) from RPTTF monies originally authorized and distributed, but not spent, for ROPS 15-16B. There is no change requested with respect to the \$2.0 million carried over for the park portion of the project.

Item 179: The approved ROPS 17-18 includes \$20,000 in the “A” portion (not shown in the amended ROPS schedule) to reimburse the City of National City for past costs incurred, and to pay costs that may arise during fiscal year 2017-18, to defend the Successor Agency in the lawsuit filed by the Affordable Housing Coalition of San Diego County seeking to have the affordable housing obligations of the former redevelopment agencies in the county be considered enforceable obligations of the successor agencies. The case is currently on appeal. The cost of the litigation is being shared by eight agencies. Pre-appeal costs to date for the Successor Agency total \$13,900, leaving only \$6,100 to cover the appeal process that is expected to conclude in the spring or early summer of 2018. An additional \$10,000 is requested to ensure that the Successor Agency has adequate funds to cover its share of the costs of the appeal. The funding source would be cash on hand (reserve balance) from RPTTF amounts authorized for other legal services in ROPS 16-17, but not spent.

Recommendation:

Adopt the resolution and direct staff to submit the Amended ROPS 17-18B to the Oversight Board for approval and subsequent submittal to the State Department of Finance, the State Controller and the County Auditor and Controller.

Fiscal Impact Statement:

The amended ROPS 17-18B requests authorization to spend an additional \$383,203 in fiscal year 2017-18. The funding source for all items would be reserve balance - cash available to the Successor Agency from previously authorized and distributed, but unspent, RPTTF monies. The corresponding increase of \$383,203 to the Successor Agency’s budget (Fund 711) will facilitate the processing of invoices and tracking of expenditures during the year. The \$383,203 increase in appropriations would be distributed as follows: \$10,000 to account 711-409-000-209-0000 (Legal Services), \$100,000 to account 711-409-000-213-0000 (Professional Services), and \$273,203 to account 711-409-000-299-0000 (Contract Services).

RESOLUTION NO. 2017 –

RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY
TO THE COMMUNITY DEVELOPMENT COMMISSION AS
THE NATIONAL CITY REDEVELOPMENT AGENCY APPROVING
AN INCREASE IN THE AMOUNT OF \$383,203 TO THE RECOGNIZED
OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD
JANUARY 1, 2018 THROUGH JUNE 30, 2018 (AMENDED ROPS 17-18B),
AND AUTHORIZING A CORRESPONDING INCREASE IN THE SUCCESSOR
AGENCY'S BUDGET FOR FISCAL YEAR 2018, BASED ON SUCCESSOR
AGENCY FUND BALANCE, UPON APPROVAL OF THE AMENDED
ROPS 17-18B BY THE STATE DEPARTMENT OF FINANCE

WHEREAS, the City Council established the Redevelopment Agency of the City of National City (the "Redevelopment Agency") by Ordinance No. 1164, dated April 11, 1967; and

WHEREAS, the City Council established the Housing Authority of the City of National City (the "Housing Authority") by Ordinance No. 1484, dated October 14, 1975; and

WHEREAS, the City Council established the Community Development Commission of the City of National City (the "CDC") by Ordinance No. 1484, dated October 14, 1975, and vested the CDC with all of the powers, duties, and responsibilities of both the Redevelopment Agency and the Housing Authority, among other matters, for the purpose of enabling the CDC to operate and govern the Redevelopment Agency and the Housing Authority under a single board and as a single operating entity. The CDC acting in its capacity as the Redevelopment Agency of the City of National City is referred to herein as the "CDC-RDA"; and

WHEREAS, all California redevelopment agencies, including the Redevelopment Agency and the CDC-RDA, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, pursuant to AB 26, the City Council adopted Resolution No. 2012-15 on January 10, 2012, electing to be the Successor Agency to the CDC-RDA. The Successor Agency is a legal entity that exists separate and independent from the City. The Successor Agency formally named itself the "Successor Agency to the Community Development Commission as the National City Redevelopment Agency"; and

WHEREAS, on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings and equipment of the Redevelopment Agency and the CDC-RDA were transferred by operation of law to the control of the Successor Agency and all authority, rights, powers, duties, and obligations previously vested in the Redevelopment Agency and the CDC-RDA were vested in the Successor Agency, for administration pursuant to Part 1.85 of AB 26; and

WHEREAS, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies; and

WHEREAS, the Successor Agency is required to undertake several actions pursuant to Part 1.85 of AB 26 as amended by AB 1484, including submitting additional information with the ROPS and in a changed format as set by the Department of Finance; and

WHEREAS, under AB 26 as amended by AB 1484, each successor agency shall have an oversight board with fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property taxes and other revenues pursuant to Health and Safety Code Section 34188; and

WHEREAS, the oversight board has been established for the Successor Agency (hereinafter referred to as the “Oversight Board”) and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of AB 26 as amended by AB 1484; and

WHEREAS, SB 107, a trailer bill to the Fiscal Year 2015-16 Budget for the State of California, extended the existence and operation of the Oversight Board, changed the ROPS preparation cycle from six month periods to annual periods, and required the preparation and approval by the Successor Agency, and the approval by the Oversight Board of a recognized obligation payment schedule for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) on or before February 1, 2017; and

WHEREAS, according to Health and Safety Code Section 34177(l)(1) of AB 26, for each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provision of Part 1.85 of AB 26, and (vi) and other revenue sources; and

WHEREAS, it is the intent of AB 26, as modified by SB 107 that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency’s payment obligations by amount and source and, subsequent to the audit and approval of the ROPS as specified in AB 26, the County Auditor/Controller will be responsible for ensuring that the Successor Agency receives revenues sufficient to meet the requirements of the ROPS during each annual period; and

WHEREAS, on January 17, 2017 the Successor Agency approved the ROPS 17-18 and submitted it for review and approval to the Oversight Board; and

WHEREAS, on January 18, 2017, the Oversight Board considered and approved ROPS 17-18 as submitted by the Successor Agency, subject to the contingencies and reservations set forth therein; and

WHEREAS, the Successor Agency’s ROPS 17-18, which is consistent with the requirements of the Health and Safety Code and other applicable law, was submitted for review and approval to the County Auditor/Controller, State Department of Finance and State Controller; and

WHEREAS, on March 31, 2017 the State Department of Finance issued its determination letter regarding ROPS 17-18 wherein it approved all items listed and authorized the distribution of Redevelopment Property Tax Trust Fund (RPTTF) monies to the Successor Agency in the amount of \$3,269,489 for the ROPS 17-18A period and \$1,642,983 for the ROPS 17-18B period; and

WHEREAS, SB 107, in addition to creating an annual ROPS cycle as noted above, provided per Health and Safety Code Section 34177(o)(1)(E) that once per ROPS period, and no later than October 1, a successor agency may submit one amendment to the approved ROPS for that period provided that the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations during the second one-half of the ROPS period, which shall be defined as January 1 to June 30, inclusive; and

WHEREAS, the Successor Agency, now having considered and found an increase to Item 12 in the amount of \$100,000, to Item 176 in the amount of \$273,203, and to Item 179 in the amount of \$10,000 to be necessary for the payment of approved obligations during the second one-half of the ROPS 17-18 period, desires to approve the Amended ROPS 17-18B, which is attached to this Resolution as Exhibit “A”; and

WHEREAS, this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act (“CEQA”), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the “Guidelines”), and the City’s environmental guidelines; and

WHEREAS, this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency, as follows:

- Section 1. The foregoing recitals are true and correct, and are a substantive part of this Resolution.
- Section 2. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of AB 26, AB 1484 or SB 107 through administrative or judicial proceedings.
- Section 3. The Successor Agency’s Amended ROPS 17-18B, which is attached hereto as Exhibit “A”, is approved and adopted.

Section 4. The Executive Director, or designee, is hereby authorized and directed to:

- (i) provide the Amended ROPS 17-18B to the Oversight Board;
- (ii) take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency; and
- (ii) take such other actions and execute such other documents as are necessary to effectuate the intent of AB 26, AB 1484, and SB 107 in regard to Amended ROPS 17-18B, including modifying and/or amending the Amended ROPS 17-18B administratively to conform to the direction, guidance, and/or requirements related to Amended ROPS 17-18B by of the Department of Finance.

Section 5. The Successor Agency determines that this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

Section 6. This Resolution shall take effect upon the date of its adoption.

PASSED and ADOPTED this 19th day of September, 2017.

Ron Morrison, Chairman

ATTEST:

Michael R. Dalla, City Clerk as
Secretary to the Successor Agency

APPROVED AS TO FORM:

Angil Morris-Jones
Successor Agency Counsel

Amended Recognized Obligation Payment Schedule (ROPS 17-18B) - Summary
 Filed for the January 1, 2018 through June 30, 2018 Period

Successor Agency: National City
 County: San Diego

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		ROPS 17-18B Authorized Amounts	ROPS 17-18B Requested Adjustments	ROPS 17-18B Amended Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ 383,203	\$ 383,203
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	383,203	383,203
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 1,642,983	\$ -	\$ 1,642,983
F	RPTTF	1,489,690	-	1,489,690
G	Administrative RPTTF	153,293	-	153,293
H	Current Period Enforceable Obligations (A+E):	\$ 1,642,983	\$ 383,203	\$ 2,026,186

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (o) of the Health and Safety
 code, I hereby certify that the above is a true and accurate
 Recognized Obligation Payment Schedule for the above
 named successor agency.

 Name Title
 /s/ _____
 Signature Date

EXHIBIT A

National City Amended Recognized Obligation Payment Schedule (ROPS 17-18B) - ROPS Detail																
January 1, 2018 through June 30, 2018																
(Report Amounts in Whole Dollars)																
Item #	Project Name/Debt Obligation	Obligation Type	Total Outstanding Balance	AUTHORIZED AMOUNTS					Total	REQUESTED ADJUSTMENTS					Total	Notes
				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
			\$ 81,429,717	\$ -	\$ -	\$ -	\$ 1,489,690	\$ 153,293	\$ 1,642,983	\$ -	\$ 383,203	\$ -	\$ -	\$ -	\$ 383,203	
1	1999 Tax Allocation Bond	Bonds Issued On or Before	\$ 4,222,094	-	-	-	74,338		\$ 74,338						\$ -	
3	2005 Tax Allocation Bond	Bonds Issued On or Before 12/31/10	\$ 11,816,186				192,502		\$ 192,502						\$ -	
4	2011 Tax Allocation Bond	Bonds Issued After 12/31/10	\$ 61,775,500	-	-	-	1,197,850		\$ 1,197,850						\$ -	
12	WI-TOD (DDA/Co-Op/Bond Docs/Other Grants)	OPA/DDA/Construction	\$ 100,000	-	-	-	-		\$ -		100,000				\$ 100,000	Anticipated carry over from 16-17 was \$100,000; actual unspent amount from 16-17 is \$200,000.
13	WI-TOD (DDA/Co-Op/Bond Docs/Other Grants)	OPA/DDA/Construction	\$ 100,000	-	-	-	-		\$ -						\$ -	
86	Loan from Sewer Fund	City/County Loans On or Before 6/27/11	\$ 340,350	-	-	-	-		\$ -						\$ -	
87	Personnel and Admin Costs	Admin Costs	\$ 306,587	-	-	-	-		\$ -						\$ -	
110	Environmental Monitoring for CDC Properties	OPA/DDA/Construction	\$ 20,000	-	-	-	-		\$ -						\$ -	
111	Environmental Monitoring for CDC Properties	Remediation	\$ 33,000	-	-	-	-		\$ -						\$ -	
128	Contract for Financial Analysis	Fees	\$ 75,000	-	-	-	15,000		\$ 15,000						\$ -	
130	Contract for Environmental Services	Property Maintenance	\$ -	-	-	-	-		\$ -						\$ -	
144	Contract for Legal Services	Legal	\$ 17,000	-	-	-	-		\$ -						\$ -	
146	Contract for Legal Services	Legal	\$ 50,000	-	-	-	-		\$ -						\$ -	
147	Contract for Legal Services	Legal	\$ 50,000	-	-	-	-		\$ -						\$ -	
161	Bonds	Fees	\$ 140,000	-	-	-	5,000		\$ 5,000						\$ -	
162	Bonds	Fees	\$ 140,000	-	-	-	5,000		\$ 5,000						\$ -	
167	Contract for Legal Services	Legal	\$ 24,000	-	-	-	-		\$ -						\$ -	
170	Housing Entity Administrative Cost Allowance	Housing Entity Admin Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						\$ -	
176	Unforeseen SA remediation cost obligation - estimated additional costs Phase II WI-TOD	OPA/DDA/Construction	\$ 2,200,000	-	-	-	-		\$ -		273,203				\$ 273,203	Anticipated carry over from 16-17 was \$200,000; actual unspent amount from 16-17 is \$473,203
178	Reserve for early redemption of 1999 Tax Allocation Bonds	Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						\$ -	
179	Joint Defense and Cost Sharing Agreement with respect to the Affordable Housing Coalition of San Diego County v. Sandoval et al case	Litigation	\$ 20,000	-	-	-	-		\$ -		10,000				\$ 10,000	Case is on appeal. SA's share of costs to date (pre-appeal) totals \$13,900. The additional \$10,000, when added to the \$6,100 still available, should ensure that the SA has adequate funds to cover its share of the costs of the appeal.

Anticipated carry over from 16-17 was \$100,000; actual unspent amount from 16-17 is \$200,000.

Anticipated carry over from 16-17 was \$200,000; actual unspent amount from 16-17 is \$473,203

Case is on appeal. SA's share of costs to date (pre-appeal) totals \$13,900. The additional \$10,000, when added to the \$6,100 still available, should ensure that the SA has adequate funds to cover its share of the costs of the appeal.

The following page(s) contain the backup material for Agenda Item: Staff Report: Status Report on the Refunding of the Successor Agency's \$47.2 Million in Outstanding Tax Allocation Bonds with Anticipated Annual Debt Service Savings of over \$1.0 Million. (Successor Agency)

**THE SUCCESSOR AGENCY TO
THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY
AGENDA STATEMENT**

MEETING DATE: September 19, 2017

AGENDA ITEM NO. |

ITEM TITLE:

Staff Report: Status Report on the Refunding of the Successor Agency's \$47.2 Million in Outstanding Tax Allocation Bonds with Anticipated Annual Debt Service Savings of over \$1.0 Million

PREPARED BY: Brad Raulston, Executive Director

DEPARTMENT: Successor Agency

PHONE: (619) 336-4256

APPROVED BY: 

EXPLANATION:

On June 20, 2017 (Resolution 2017-91) the Board of Directors of the Successor Agency authorized the issuance and sale of tax allocation refunding bonds in order to reduce future interest costs on the Agency's tax allocation bonds that have a combined outstanding principal balance of \$47.2 million. On June 21, 2017 (Resolution 2017-07), the Oversight Board voted to approve the proposed refunding. Subsequently a formal application was submitted to the State Department of Finance (DOF). In anticipation of an affirmative response from DOF, a request for qualifications was issued by the Agency's municipal advisor, NHA Advisors, to four highly qualified underwriting firms, all of which provided strong responses for public offerings of the refunding bonds. One option, however, stood out from the others and was proposed by only one of the firms (Hilltop Securities) – a private placement with a single financial institution, BBVA Compass, which offered an attractive low interest rate, a simpler, less expensive issuance process, and reduced annual reporting requirements. The financing team determined that this private placement option provided the best overall value for the refunding of the Successor Agency's bonds and has moved forward, as authorized in SA Resolution 2017-91, with the necessary steps to execute the sale of the bonds, which will result in an annual debt service payment savings of over \$1.0 million.

Please see attached staff report for further details.

FINANCIAL STATEMENT:

APPROVED:  Finance

ACCOUNT NO.

APPROVED: _____ MIS

The refunding of the Agency's tax allocation bonds will result in over \$1.0 million in annual debt service savings.

ENVIRONMENTAL REVIEW:

Pursuant to Title 15 of the California Code of Regulations, Section 15378(b)(4), this item is not subject to the California Environmental Quality Act review because the recommended approvals are not considered a project and are governmental funding mechanisms and fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant environmental impact.

ORDINANCE: INTRODUCTION: ☐

FINAL ADOPTION: ☐

STAFF RECOMMENDATION:

Accept and file the report.

BOARD / COMMISSION RECOMMENDATION:

Not Applicable.

ATTACHMENTS:

- A. Staff Report & SA Resolution 2017-91
- B. OB Resolution 2017-07
- C. DOF Letter of Approval
- D. Fiscal Consultant Report

- E. Sources and Uses and Savings Table
- F. Savings Impact by Affected Taxing Entity
- G. Estimated Costs of Issuance



Successor Agency Staff Report

September 19, 2017

ITEM

Staff Report: Status Report on the Refunding of the Successor Agency's \$47.2 Million in Outstanding Tax Allocation Bonds with Anticipated Annual Debt Service Savings of over \$1.0 Million

BACKGROUND

On June 20, 2017 (Resolution No. 2017-91) (see Attachment A), the Successor Agency Board authorized the issuance and sale of tax allocation refunding bonds (the "2017 Bonds") either through a private placement or public offering in order to reduce future interest costs on all of the Agency's outstanding tax allocation bonds (Series 1999, 2005B and 2011) that have a combined outstanding principal balance of \$47.2 million. On June 21, 2017 (Resolution No. 2017-07) (see Attachment B), the Oversight Board voted to approve the issuance of the 2017 Bonds. Subsequently a formal application was submitted to the State Department of Finance, with an affirmative response received on September 12, 2017 (see Attachment C). In the interim, the Successor Agency has worked with its municipal advisor, NHA Advisors ("NHA"), to evaluate various structuring alternatives for the issuance of the 2017 Bonds. Additionally, HdL Coren & Cone ("HdL") has produced a Fiscal Consultant Report (see Attachment D), which serves as the key credit document for interested investors, and Nossaman LLP has served as Bond Counsel on the transaction.

The process and results, including a detailed savings analysis, of the refinancing of the Successor Agency's \$47.2 million of outstanding tax allocation bonds are described below. Resolutions Nos. 2017-91 and 2017-07 authorized the execution and delivery of all documents and contracts necessary or advisable to consummate the issuance of the 2017 Bonds; therefore, no further action by the Successor Agency Board or Oversight Board is necessary to issue the 2017 Bonds.

UNDERWRITER REQUEST FOR QUALIFICATIONS (RFQ)

On August 2, 2017, a request for qualifications was issued by NHA to four highly qualified underwriting firms. The firms included Hilltop Securities, Piper Jaffray, Raymond James, and Stifel, all of which specialize in underwriting California tax allocation bonds. All four firms provided strong, comprehensive responses, and indicative interest rates for a public offering method of sale for the refunding bonds.

One option, however, stood out from the others and was proposed by only one of the firms (Hilltop Securities) – a private placement with a single financial institution, BBVA Compass ("BBVA"), which offered an attractive low interest rate (under 2.50%). The private placement sale method is a simpler, faster, and less expensive issuance process compared to a public offering. A private placement is the method the City used for its recent 2017 lease financing.

While the Successor Agency staff and financing team had expected that a public offering would provide the lowest borrowing costs, BBVA's private placement bid generated the same amount of savings as the indicative, estimated public offering interest rates provided by all four of the

firms. Given that the final interest rates for a public offering would not have been set (underwritten) until late September / early October, the Successor Agency staff decided to eliminate the interest rate risk associated with waiting and lock in the extremely low interest rates provided by BBVA.

A preliminary official statement (POS) is not required for a private placement; therefore, the POS approval originally planned for September 19th is not necessary. In addition, the form of all legal documents necessary to issue the 2017 Bonds (i.e., the indenture and escrow agreements) were approved by the Successor Agency Board and Oversight Board by resolutions 2017-91 and 2017-07, respectively; thus, no further action is needed by either board to issue the 2017 Bonds.

INTEREST RATES AND ESTIMATED REFUNDING SAVINGS

On August 25, 2017, the Successor Agency entered into a Rate Lock Agreement with BBVA to lock the interest rate on the 2017 Bonds. The 2017 Bonds will be split into two series – Series A and Series B. The 2017 Bonds, Series A, refund the 2005B Bonds and 2011 Bonds and have a par value of approximately \$46,524,000, an interest rate of 2.49%, and maturity of 2032. The 2017 Bonds, Series B, refund the 1999 Bonds and have a par value of approximately \$2,669,000, an interest rate of 2.36% per annum and a maturity of 2029. The Series B Bonds interest earnings to investors are subject to the alternative minimum tax (AMT), while interest on the Series A bonds are fully tax-exempt. Combined, and inclusive of all financing costs, the **all-in borrowing rate is 2.57%**.

Present value savings for the refunding are estimated at **\$7.2 million**, or **15.3%** of refunded par. On an annual basis, this equates to **\$1.02 million** of gross cash flow savings, and **\$15.2 million** of cumulative cash flow savings through 2032.

For comparison purposes, in June 2017, present value savings were estimated at \$3.5 million, less than half of what the final results will generate. While the financing team had used slightly conservative figures at the time of the initial approval in June, the Successor Agency's refunding benefitted greatly from an improvement (lower interest rates) in the municipal bond market, as well as strong growth in property values (and corresponding debt service coverage) which further enhanced the creditworthiness of the Successor Agency's bonds in the eyes of investors.

A detailed sources and uses table and a debt service / savings table can be found in Attachment E. Attachment F shows the projected savings impact upon each affected taxing entity. A breakdown of the costs of issuance can be found in Attachment G.

NEXT STEPS

Execution of the indenture, escrow agreements, and certain closing certificates by the Successor Agency's Executive Director and signing of the 2017 Bonds by the Successor Agency's Chairman is scheduled for September 21, 2017. The bond issuance is expected to close on September 28, 2017. As part of the closing, the refunding cash flows and the sufficiency of the escrows will be verified by a verification agent (Causey Demgen & Moore) who will also serve as the bidding agent for the escrow investments. The prior trustees for each of the bond issues (BNY Mellon for the 1999 Bonds, and US Bank for the 2005 and 2011 Bonds), serving as Escrow Agent for their respective issues, will use the bond proceeds to purchase the escrow investments and hold them until the time the prior bonds are redeemed. BNY Mellon, as Trustee for the new 2017 Bonds, will disperse the funds in the costs of issuance account upon receiving invoices from the various financing team participants (see Attachment G).

September 19, 2017

FISCAL IMPACT

Based on rates outlined in the Rate Lock Agreement between the Agency and BBVA, a refinancing of the outstanding bonds will generate over \$7.2 million of present value savings, or 15.3% of the refunded par amount. This equates to \$15.2 million in cash flow savings through 2032, or \$1.02 million annually, which would result in additional residual balance to be distributed among the affected taxing entities.

RECOMMENDATIONS

Accept and file the report.

ATTACHMENTS

Attachment A	Successor Agency Resolution No. 2017-91
Attachment B	Oversight Board Resolution No. 2017-07
Attachment C	Letter of Approval from the State Department of Finance
Attachment D	Fiscal Consultant Report
Attachment E	Sources and Uses and Savings Table
Attachment F	Savings Impact by Affected Taxing Entity
Attachment G	Estimated Costs of Issuance

RESOLUTION NO. 2017 – 91

RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY
TO THE COMMUNITY DEVELOPMENT COMMISSION AS
THE NATIONAL CITY REDEVELOPMENT AGENCY AUTHORIZING
THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS
IN AN AMOUNT OF NOT TO EXCEED \$58,000,000, AND APPROVING
THE FORM OF AN INDENTURE OF TRUST, A FORM ESCROW
AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, AND
AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Community Development Commission as the National City Redevelopment Agency (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, the Redevelopment Plan for the National City Redevelopment Project Area was adopted and approved, and subsequently amended, in compliance with all requirements of the Law and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Community Development Commission of the City of National ("CDC"), of which the Prior Agency was a member, has previously incurred the obligations listed on Exhibit "A", attached hereto (collectively, the "Prior Bonds"); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the dissolution of the redevelopment component of the Prior Agency as of February 1, 2012; and

WHEREAS, the Prior Agency, including its redevelopment powers, assets and obligations, was transferred on February 1, 2012 to the Successor Agency to the Community Development Commission as the National City Redevelopment Agency (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) authorizes successor agencies to refund outstanding bonds or other indebtedness provided that: (i) the total interest cost to maturity on the refunding bonds or other indebtedness, plus the principal amount of the refunding bonds or other indebtedness, does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded, plus the remaining principal of the bonds or other indebtedness to be refunded; and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the bonds or other indebtedness to be refunded, to establish customary debt service reserves and to pay related costs of issuance; and

WHEREAS, the Successor Agency now desires to authorize and approve the issuance of tax allocation refunding bonds (the "2017 Bonds") in an aggregate principal amount sufficient to refund all or a portion of the Prior Bonds, and to irrevocably set aside a portion of the proceeds of such 2017 Bonds in a separate segregated trust fund which will be used to refund the outstanding Prior Bonds being refunded, to pay costs in connection with the issuance of the 2017 Bonds and to make certain other deposits as required by the Indenture (as defined below); and

WHEREAS, the 2017 Bonds shall be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and (g), pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"); and

WHEREAS, the Successor Agency wishes at this time to approve matters relating to the issuance and sale of the 2017 Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency as follows:

Section 1. Subject to the provisions of the Indenture referred to in Section 2 hereof, the issuance of the 2017 Bonds, in one or more series, and from time to time, in an aggregate principal amount of not to exceed \$58,000,000, or such lesser amount as is sufficient to refund all or a portion of the Prior Bonds for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1) and the pledge of property tax revenues to the 2017 Bonds pursuant to the Indenture approved by Section 2 of this Resolution (as authorized by California Health and Safety Code Section 34177.5(a) and (g)) is hereby approved on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture. The 2017 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2017 Bonds shall be applied as provided in the Indenture. The 2017 Bonds may be issued as a single issue, or from time to time, in separate series, as the Successor Agency shall determine. The approval of the issuance of the 2017 Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of 2017 Bonds and the sale of the 2017 Bonds at a public or private sale, without the need for any further approval from the Oversight Board.

Section 2. The form of the Indenture of Trust providing for the issuance of the 2017 Bonds, is hereby approved. The Chairman, the Executive Director, and the Assistant Executive Director, any other member of the governing board of the Successor Agency or their respective written designee (each a "Designated Officer" and collectively, the "Designated Officers") are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver the Indenture, in substantially said form, with such changes therein as the Designated Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. If the Bonds are to be sold in separate series at different times, each of the Designated Officers is hereby authorized and

directed in the name of the Successor Agency to execute any supplement to the Indenture to provide for the issuance of such Series of Bonds consistent with the terms of the Resolution.

Each of the Designated Officers is hereby authorized and directed to execute and countersign each of the 2017 Bond forms on behalf of the Successor Agency, either manually or in facsimile, and such signing as herein provided shall be a sufficient and binding execution of the 2017 Bonds on behalf of the Successor Agency. In case either of such officers whose signature appears on the 2017 Bond forms shall cease to be such officer before the delivery of the 2017 Bonds, such signature shall nevertheless be valid and sufficient for all purposes as though such officer had remained in office until the delivery of the 2017 Bonds.

Section 3. The form of the Escrow Agreement is hereby approved. The Designated Officers are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver one or more Escrow Agreements for each series of Prior Bonds in substantially said form, with such changes therein as the Designated Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of the Continuing Disclosure Certificate is hereby approved. The Designated Officers are, and each of them is, hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver one or more Continuing Disclosure Certificates in substantially said form, with such changes therein as the Designated Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.


Section 5. Each of the Designated Officers and other appropriate officers of the Successor Agency, acting alone, is authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and contracts that they may deem necessary or advisable in order to consummate the sale, execution and delivery of the 2017 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the 2017 Bonds, the Indenture, the Continuing Disclosure Certificate and the Escrow Agreements, each in order to facilitate the issuance of the 2017 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, to amend any of the legal documents entered in connection with the Prior Bonds in order to effectuate the defeasance and refunding of such Prior Bonds, to execute irrevocable refunding instructions with respect to the Prior Bonds, to secure municipal bond insurance on the 2017 Bonds and/or a reserve surety to fund any reserve account or fund established for the 2017 Bonds, if available (which may include entering into a mutual insurance agreement(s) therefor), to enter into an agreement to sell the 2017 Bonds (provided that the underwriters' discount for the sale of the 2017 Bonds shall not exceed 1.00% of the aggregate principal amount of the 2017 Bonds), to request subordination of any amounts required to be paid to an affected taxing entity to any or all of the 2017 Bonds, as the Designated Officer may require or approve, in consultation with Bond Counsel and the Successor Agency's municipal advisor, and any such actions heretofore taken by such officers in connection therewith are hereby ratified, confirmed and approved.

Section 6. NHA Advisors is hereby appointed financial advisor, and Nossaman LLP is hereby appointed bond counsel and disclosure counsel, each to provide such services and any other related services as may be required to issue the 2017 Bonds and to defease and/or refund the Prior Bonds.

Section 7. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency declares that the Successor Agency would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

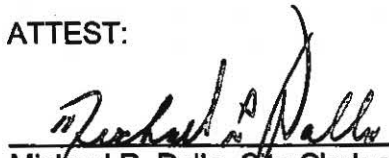
Section 8. This Resolution shall take effect immediately upon its adoption by the governing board of the Successor Agency, and the Secretary shall certify the vote adopting this resolution.

PASSED and ADOPTED this 20th day of June, 2017.



Ron Morrison, Chairman

ATTEST:



Michael R. Dalla, City Clerk as
Secretary to the Successor Agency

APPROVED AS TO FORM:



Angil E. Morris-Jones
Successor Agency Counsel

EXHIBIT "A"

PRIOR BONDS

1. Community Development Commission of the City of National City 1999 Tax Allocation Housing Bonds (National City Downtown Redevelopment Project)
2. Community Development Commission of the City of National City (National City Downtown Redevelopment Project) 2005 Tax Allocation Refunding Bonds, Series "B"
3. Community Development Commission of the City of National City (National City Downtown Redevelopment Project) 2011 Tax Allocation Bonds

Passed and adopted by the Successor Agency to the Community Development Commission as the Redevelopment Agency of the City of National City, California, on June 20, 2017 by the following vote, to-wit:

Ayes: Boardmembers Cano, Mendivil, Morrison, Rios, Sotelo-Solis.

Nays: None.

Absent: None.

Abstain: None.

AUTHENTICATED BY: RON MORRISON

Chairman of the Successor Agency to the
Community Development Commission
as the Redevelopment Agency of the
City of National City, California

MICHAEL R. DALLA

City Clerk Serving as Secretary
to the Successor Agency

By: _____
Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2017-91 of the Successor Agency to the Community Development Commission as the Redevelopment Agency of the City of National City, California, passed and adopted on June 20, 2017.



Michael R. Dalla

City Clerk Serving as Secretary
to the Successor Agency

By: _____
Deputy

RESOLUTION NO. 2017-07

RESOLUTION OF THE OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT
COMMISSION AS THE NATIONAL CITY REDEVELOPMENT
AGENCY APPROVING THE ISSUANCE AND SALE OF TAX
ALLOCATION REFUNDING BONDS BY THE SUCCESSOR
AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY AND
AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION
THEREWITH

WHEREAS, the Community Development Commission as the National City Redevelopment Agency (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, the Redevelopment Plan for the National City Redevelopment Project Area was adopted and approved, and subsequently amended, in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Community Development Commission of the City of National City, of which the Prior Agency was a member, has previously incurred the obligations listed on Exhibit A hereto (collectively, the "Prior Bonds"); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the dissolution of the Prior Agency as of February 1, 2012; and

WHEREAS, the redevelopment powers, assets and obligations of the Prior Agency were transferred on February 1, 2012 to the Successor Agency to the Community Development Commission as the National City Redevelopment Agency (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, California Health and Safety Code Section 34177.5(a)(1) authorizes successor agencies to refund outstanding bonds or other indebtedness provided that: (i) the total interest cost to maturity on the refunding bonds or other indebtedness, plus the principal amount of the refunding bonds or other indebtedness, does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded, plus the remaining principal of the bonds or other indebtedness to be refunded; and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the bonds or other

indebtedness to be refunded, to establish customary debt service reserves and to pay related costs of issuance; and

WHEREAS, the Successor Agency desires to authorize and approve the issuance of tax allocation refunding bonds (the "2017 Bonds") in an aggregate principal amount sufficient to refund all or a portion of the Prior Bonds, and to irrevocably set aside a portion of the proceeds of such 2017 Bonds in a separate segregated trust fund which will be used to refund the outstanding Prior Bonds being refunded, to pay costs in connection with the issuance of the 2017 Bonds and to make certain other deposits as required by the Indenture (as defined below); and

WHEREAS, the 2017 Bonds shall be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and (g), pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"); and

WHEREAS, this Oversight Board of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency (the "Oversight Board") desires to approve all matters relating to the issuance and sale of the 2017 Bonds as required by Sections 34177.5(f) and 34180 of the Health and Safety Code of the State of California.

NOW THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION AS THE NATIONAL CITY REDEVELOPMENT AGENCY, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The issuance by the Successor Agency to the Community Development Commission as the National City Redevelopment Agency of the 2017 Bonds in an aggregate principal amount sufficient to refund all or a portion of the Prior Bonds for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1) and paying any associated costs or fees in connection with such refunding, in accordance with Health and Safety Code Section 34177.5(a)(1), and the pledge of property tax revenues to the 2017 Bonds pursuant to the Indenture approved by Section 2 of the Successor Agency Resolution (as authorized by California Health and Safety Code Section 34177.5(a) and (g)) is hereby approved. The 2017 Bonds may be issued as a single issue, or from time to time in separate series, as the Successor Agency shall determine. The approval of the issuance of the 2017 Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of 2017 Bonds and the sale of the 2017 Bonds at a public or private sale.

Section 3. The Successor Agency is authorized and directed to prepare, approve and execute such other documents, including, as necessary, the Indenture, a Bond Purchase Contract, a private placement memorandum, an Official Statement, a Continuing Disclosure Certificate, Escrow Agreements for the Prior Bonds and any additional agreements as may be required to carry out the purposes hereof without the need for any further approval from the Oversight Board. Prior to the pricing of the Bonds, the Oversight Board shall receive an informational financial report from the Successor Agency describing the potential debt service savings on the Prior Bonds and the estimated costs of issuance related to the 2017 Bonds. The receipt of such report shall not be a condition for the issuance of the 2017 Bonds by the Successor Agency.

Section 4. The Chairman of the Oversight Board and the other officers and members of staff having responsibility for the affairs of the Oversight Board are hereby authorized and directed to execute such documents and certificates as they determine are necessary or appropriate to assist the Successor Agency in the issuance of the 2017 Bonds.

Section 5. Pursuant to the provisions of California Health and Safety Code Section 34177.5(f), the Successor Agency is expressly authorized to recover its related costs in connection with the transaction approved hereby, irrespective of whether the 2017 Bonds are issued.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Oversight Board to the Successor Agency to the Community Development Commission as the National City Redevelopment Agency, this 21st day of June, 2017, by the following vote:

AYES: Desrochers, Fellows, Kerl, Carson

NOES: None.

ABSENT: Morrison, McCarthy, Perri

ABSTAIN: None.



Ron Morrison, Chairman

ATTESTED:



Brad Raulston, Executive Director
Secretary to the Oversight Board

EXHIBIT A
PRIOR BONDS

1. Community Development Commission of the City of National City 1999 Tax Allocation Housing Bonds (National City Downtown Redevelopment Project)
2. Community Development Commission of the City of National City (National City Downtown Redevelopment Project) 2005 Tax Allocation Refunding Bonds, Series B
3. Community Development Commission of the City of National City (National City Downtown Redevelopment Project) 2011 Tax Allocation Bonds



EDMUND G. BROWN JR. - GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

September 12, 2017

Mr. Brad Raulston, Executive Director
City of National City
1243 National City Boulevard
National City, CA 91950

Dear Mr. Raulston:

Subject: Approval of Oversight Board Action

The City of National City Successor Agency (Agency) notified the California Department of Finance (Finance) of its June 21, 2017 Oversight Board (OB) Resolution on July 11, 2017. Pursuant to Health and Safety Code section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 2017-07, approving the issuance and sale of \$58,000,000 in Tax Allocation Refunding Bonds, Series 2017A, is approved.

The Agency desires to refund the 1999 Tax Allocation Housing Bonds, the 2005 Refunding Bonds, Series B, and the 2011 Tax Allocation Bonds issued by the former Redevelopment Agency and anticipates achieving approximately \$11,188,068 in savings over the remaining life of the bonds. Finance's approval is based on our understanding the Agency will not issue refunding bonds unless such bonds meet the requirements outlined in HSC section 34177.5 (a). Following the issuance, the Agency should request funding for the refunding bonds on the next Recognized Obligation Payment Schedule (ROPS), subject to Finance's review and approval.

To the extent the indebtedness obligations approved for refunding per the OB Resolution are refunded in accordance with HSC section 34177.5 and prior to the next ROPS submission, the Agency may use Redevelopment Property Tax Trust Funds received for payment of the currently listed obligations being refunded. Any indebtedness for which refunding is finalized must be separately identified as a new item on a subsequent ROPS and will be subject to Finance's review and approval. Further, pursuant to HSC section 34186 (a), the Agency is required to report estimated obligations and actual payments. Any unspent funds should be reported as prior period adjustments.

This is our determination with respect to the OB action taken.

Mr. Brad Raulston
September 12, 2017
Page 2

Please direct inquiries to Kylie Oltmann, Supervisor, or Daisy Rose, Lead Analyst, at (916) 322-2985.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Tonya Hussain, Executive Secretary, City of National City
Mr. Jon Baker, Senior Auditor and Controller Manager, County of San Diego

**SUCCESSOR AGENCY
TO THE
COMMUNITY DEVELOPMENT COMMISSION AS THE
NATIONAL CITY REDEVELOPMENT AGENCY**

NATIONAL CITY REDEVELOPMENT PROJECT

**PROJECTED TAXABLE VALUES AND
ANTICIPATED TAX INCREMENT REVENUES**

September 13, 2017

I. Introduction

The 2017 Tax Allocation Refunding Bonds (the “Bonds”), are being issued by the Successor Agency to the Community Development Commission as the National City Redevelopment Agency (the “Successor Agency”) to refinance certain outstanding obligations of the Successor Agency. The Bonds will be used to refund outstanding 1999 Tax Allocation Bonds, the 2005B Tax Allocation Bonds and the 2011 Tax Allocation Bonds that were originally issued by the National City Redevelopment Agency (the “Former RDA”); fund a reserve account for the Bonds (if necessary); and pay the costs of issuing the Bonds. The intent of the refunding will be to lower the cost of repayment of the refunded bonds in accordance with Section 34177.5 of the Health and Safety Code.

On June 29, 2011, the California Legislature and Governor adopted Assembly Bill x1 26 (“AB 1x 26” or the “Dissolution Act”), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a suit filed before the California Supreme Court, but was upheld by the Court on December 29, 2012. On June 27, 2012 Assembly Bill 1484 (AB 1484) was signed into law, modifying and supplementing ABx1 26. The Dissolution Act was further modified by Senate Bill 107 (“SB 107”) that was signed into law on September 22, 2015. In accordance with Section 34177.5(g) of the California Health and Safety Code, bonds issued by the Successor Agency shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and is being referred to herein as the “Law”) that existed prior to that date. These obligations shall be included in the successor agency’s Recognized Obligation Payment Schedule (the “ROPS”), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (the “RPTTF”).

Tax revenues generated from the incremental taxable value in a redevelopment project area were, prior to February 1, 2012, generally referred to as Tax Increment Revenues. The Law provided that the Tax Increment Revenues could be pledged by a redevelopment agency to the repayment of agency indebtedness. In this report, Tax Increment Revenues, including Unitary Tax Revenue (see Section IV.H., Allocation of State Assessed Unitary Taxes) are referred to as Gross Tax Revenues. Gross Tax Revenues less the County Property Tax Collection Fees (see Section IV G, County Property Tax Collection Reimbursement); and, Tax Sharing payments with a lien on Gross Tax Revenues that is senior to the pledge of Tax Revenues to the payment of debt service on the Bonds (see Section VII, Tax Sharing and Other Obligations) are referred to as Tax Revenues.

Allocation of tax increment revenue has been significantly altered by the passage of ABx1 26, AB 1489 and SB 107 by the California Legislature. This legislation has been designed to dissolve redevelopment agencies formed pursuant to the Law while assuring that the enforceable obligations incurred by the former redevelopment agencies are repaid (see Section VI Legislation). While tax increment revenues were previously allocated by the County Auditor-Controller based on an allocation schedule covering much of the fiscal year, beginning with fiscal year 2012-13 revenues are only allocated on January 2 and June 1 of each year.

The purpose of this fiscal consultant report (the "Report") is to examine property tax information for the current fiscal year and to project the amount of tax increment revenues anticipated to be received by the Successor Agency from the Project Area for the current fiscal year and nine subsequent fiscal years. Provisions of the Law and the Redevelopment Plan for the National City Redevelopment Project (the "Project Area") determine the amount of Tax Revenue that the Successor Agency may utilize for purposes of making debt service payments and payments on other obligations with a superior lien on Tax Revenues (see Section VII, Tax Sharing Agreements and Other Obligations, below). As a result of our research, we project that the Tax Revenues for the Project Area will be as shown in Table A below:

Table A Projected Project Area Tax Revenues (000's Omitted)						
Fiscal Year	Gross Tax Revenues	SB 2557 Admin. Charge	Statutory Tax Sharing Tier 1 Payments	Statutory Tax Sharing Tier 2 Payments	Negotiated Pass Through Payments	Tax Revenues
2017-18	\$18,836	(\$198)	(\$663)	(\$234)	(\$3,292)	\$14,449
2018-19	19,580	(205)	(696)	(259)	(3,427)	14,992
2019-20	20,028	(210)	(720)	(279)	(3,504)	15,316
2020-21	20,486	(215)	(744)	(298)	(3,583)	15,646
2021-22	20,953	(220)	(768)	(319)	(3,664)	15,982
2022-23	21,429	(225)	(793)	(340)	(3,746)	16,325
2023-24	21,915	(230)	(819)	(361)	(3,830)	16,675
2024-25	22,411	(235)	(845)	(383)	(3,916)	17,032
2025-26	22,916	(240)	(871)	(405)	(4,003)	17,396
2026-27	23,432	(246)	(898)	(428)	(4,092)	17,768

The taxable values of property and the resulting Tax Revenues for the Project Area summarized above are reflected on Tables 1 and 2 of the projections (attached). These projections are based on assumptions determined by our review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of the San Diego County Auditor-Controller. The projection illustrates the entire amount of Tax Revenues projected as being available from the Project Area. Future year assessed values and Tax Revenues are projections based on the assumptions described in this Report and are not guaranteed as to accuracy and are not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

Between 1969 and 1978, the City Council of the City of National City ("City Council") adopted four redevelopment projects: the E.J. Christman Business and Industrial Park Redevelopment

Project by Ordinance No. 1233 on November 18, 1969; the South Bay Town and Country Redevelopment Project by Ordinance No. 1471 on June 24, 1975; the Center City Redevelopment Project by Ordinance No. 1505 on April 13, 1976; and, the E.J. Christman Business and Industrial Park Redevelopment Project Amendment No. 2 by Ordinance No. 1610 on December 13, 1977. On December 1, 1981, the City Council adopted the National City Downtown Redevelopment Project by Ordinance No. 1762 and merged the newly adopted project area with the four preexisting redevelopment projects and incorporating additional properties to establish a 2,080-acre merged project area.

The merged National City Downtown Redevelopment Project was amended three times after its adoption. Amendment No. 1 was adopted on May 22, 1984 by Ordinance No. 1821; Amendment No. 2 was adopted on April 16, 1985 by Ordinance No. 1851; and Amendment No. 3 was adopted on June 18, 1991 by Ordinance No. 91-2013. Of these amendments, only Amendment No. 2 increased the size of the project area, adding approximately three acres, and enlarging the merged National City Downtown Redevelopment Project Area to approximately 2,083 acres. On July 18, 1995 the City Council adopted Ordinance No. 95-2095 that added additional area referred to as the Added Area. This added area is also referred to as the Harbor District Redevelopment Project and it added approximately 317 acres to the Project Area, bringing the total size to approximately 2,400 acres.

A. Land Use

Tables B reflects the breakdown of land uses in the Project Area by the number of parcels and their taxable value for fiscal year 2017-18. This information is based on County land use designations as provided by San Diego County through tax roll data. It should be noted that the County land use designations do not necessarily parallel City land use and zoning designations. Unsecured and State Board of Equalization Non-Unitary values are associated with secured Assessor parcels that are already accounted for in other categories.

Table B Project Area Land Use Categories			
Category	No. Parcels	Taxable Value	% of Total
Residential	4,532	\$1,100,872,490	48.39%
Commercial	561	636,034,664	27.96%
Industrial	282	289,758,897	12.74%
Vacant	291	56,776,546	2.50%
Recreational	38	29,927,236	1.32%
Institutional	239	1,761,008	0.08%
Exempt	219	0	0.00%
Subtotals	5,962	\$2,115,130,841	92.98%
SBE Non-unitary		4,043,640	0.18%
Unsecured		155,717,288	6.85%
Subtotals		\$159,760,928	7.02%
Totals:	5,962	\$2,274,891,769	100.0%

B. Redevelopment Plan Limits

In accordance with the Law as it existed prior to the adoption of ABx1 26, redevelopment plans adopted after October 1, 1976 were required to include a limitation on the number of tax increment

dollars that could be allocated to the Former RDA, and a time limit on the establishment of indebtedness to be repaid with tax increment. In addition, if the plan authorizes the issuance of tax allocation bonds, a limit on the amount of bonded indebtedness that may be outstanding at one time must be included.

The former redevelopment plan limits for the Project Area are summarized in Table C below. On September 22, 2015, the Governor signed Senate Bill 107 ("SB 107"). This legislation implemented revisions to the Health and Safety Code as it impacts the time and tax increment limits of former redevelopment project areas. The legislation eliminated the effectiveness of tax increment limits, limits on redevelopment activities and time limits on repayment of indebtedness except for contractual agreements that had been structured to terminate based on a project area reaching its tax increment and/or time limits. Tax increment revenues will be allocated to the RPTTF from the Project Area for as long as necessary to repay enforceable obligation except to the extent that an enforceable obligation is limited in its duration by the time or tax increment limits contained in the Project Area redevelopment plan.

Table C Former Redevelopment Plan Limits					
Component Area	End of Project Activities	Last Date to Repay Debt	Last Date to Incur Debt	Tax Increment Limit	Limit on Outstanding Bonded Debt
Christman 1	11/18/2010	11/18/2020	Eliminated		
South Bay	06/24/2016	06/24/2026	Eliminated		
Center City	04/13/2017	04/13/2027	Eliminated		
Christman 2	12/13/2018	12/13/2028	Eliminated		
Downtown	12/1/2022	12/1/2032	Eliminated		
Downtown Amend.	04/16/2026	04/16/2036	Eliminated		
Combined Limits				\$390 Million	\$100 Million
Harbor District	07/18/2026	07/18/2041	07/18/2015	No Limit	No Limit

The County Auditor-Controller has confirmed their belief that the adoption of SB 107 eliminates the effectiveness of the former redevelopment plan limits and that tax increment revenue will continue to be deposited into the RPTTF until all obligations of the Former RDA have been repaid.

III. Project Area Assessed Values

A. Assessed Values

Taxable values for all parcels are prepared by the County Assessor and reported by the County Auditor-Controller each fiscal year. These values represent the aggregation of all locally assessed properties that are part of the Project Area. The assessments are assigned to Tax Rate Areas ("TRA") that are collectively coterminous with the boundaries of the Project Area. The historic reported taxable values for the Project Area and its component areas were reviewed to ascertain the rate of taxable property valuation growth over the ten most recent fiscal years beginning with 2008-09.

Project Area

From 2008-09 through 2017-18, Project Area values reflect strong growth until 2008-09 and then experienced declines in value for 2009-10, 2010-11 and 2011-12. The declines in value for these three years totaled \$148.8 million (-7.91%). The largest reductions in value were experienced by residential land uses, however, commercial and vacant land values experienced significant

reductions as well. These reductions in value occurred as the economy in the Southern California was stressed by the general economic recession. Beginning with an increase in value for 2012-13 of 2.79%, recovery of the value declines has steadily progressed. For 2011-12 through 2017-18 values have increased by \$543.3 million (31.37%). Values for 2017-18 are now \$394.5 million (20.98%) greater than the peak value in 2008-09 prior to the values losses caused by the recent recession. Growth in assessed value has been almost entirely based on secured value increases since unsecured values make up only 6.85% of all taxable value. Despite some upward and downward bounces in unsecured values over this 10-year period, unsecured values have increases steadily since 2014-15. Unsecured values for 2017-18 are up by \$24 million (18.2%) over the unsecured values for 2008-09.

Table D, below, reflects the incremental value of the Project Area broken down by component project area for 2017-18.

Table D Project Area Incremental Value for 2017-18 By Component Project Area		
Component Project Area	Incremental Value	% of Total Incremental Value
EJ Christman No. 1	\$ 130,581,140	7.01%
South Bay Town & Country	31,008,559	1.67
City Center	59,566,387	3.20
EJ Christman No. 2	44,474,491	2.39
Downtown Project	1,426,861,863	76.63
Downtown Project – Amend.	10,125,546	0.54
Harbor District (Added Area)	159,278,264	8.55
Project Area	\$1,861,896,250	100.00%

Proposition 8 Value Reductions/Recovery

In response to the declines in residential market value that resulted from the economic declines in 2009-10, the San Diego County Assessor reviewed and made adjustments to the values of residential properties sold after July 2004 pursuant to the requirements of Proposition 8. The constitution requires the Assessor to enroll a property's value at the lesser of the prior year value adjusted for inflation or the current market value. The peak of these value reductions occurred in 2010-11 but residential values have been substantially recovered as of 2017-18. For 2017-18 within the Project Area, there are 347 parcels that have values that are still enrolled below their inflation adjusted base values pursuant to Proposition 8. These properties are currently enrolled at values that are, on average, 29.13% lower than the property's inflation adjusted base value. This represents a total of \$48.7 million in value that is eligible to be recovered under Proposition 8 as assessed values recover. These parcels that are still reduced in value under Proposition 8 represent 7.6% of all residential parcels located in the Project Area. Despite the continued reduction of value on these parcels, total residential values in the Project Area are currently \$163.3 million (17.4%) greater than the residential values for 2008-09.

Within the Project Area, the recovery of values reduce pursuant to Prop 8 will likely continue as the value of residential properties continue to advance, however, the amount of value that will be recovered each year is not expected to be significant relative to the total amount of Project Area value.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Area for fiscal year 2017-18 was conducted. The assessed values of those properties controlled by the top ten taxpayers were compared to the total assessed value and incremental value of the Project Area. The following Table E summarizes the attributes of the top ten taxpayers for the Project Area. A more complete outline of the top taxpayer information is contained on Table 4 of the attached tax increment projections.

Table E Project Area Top Ten Taxpayers				
Property Owner	Combined Value	% of Total Value	% of Incremental Value	Primary Land Use
National City Investment LP (1)	\$42,750,000	1.88%	2.30%	Commercial Offices & Parking
Costco Wholesale Corporation	41,537,988	1.83%	2.23%	Costco Optical Laboratories
Conrad Prebys Trust	39,082,144	1.72%	2.10%	Multi-Family Residential & Commercial
Fenton N C LLC	33,560,138	1.48%	1.80%	Non-Contiguous Industrial
Dixieline Lumber Company	25,721,017	1.13%	1.38%	Dixieline Shopping Center
MGP XI US Properties LLC	25,398,537	1.12%	1.36%	Sweetwater Town & Country Center
ROIC California LLC	23,010,720	1.01%	1.24%	Bay Plaza Shopping Center
WalMart Real Estate Business Trust	22,398,118	0.98%	1.20%	WalMart Discount Retail Store
Harborview Partners LLC	22,383,900	0.98%	1.20%	Harborview Apartments
Marina Gateway Development Corp.	22,062,652	0.97%	1.18%	Marina Gateway Hotel & Commercial
Top Property Owner Total Value	\$297,905,214			
Project Area Assessed Value	\$2,274,891,769	13.10%		
Project Area Incremental Value	\$1,861,896,250		16.00%	

(1) These taxpayers have pending assessment appeals on parcels owned (see Section IV F).

National City Investment LP is the largest taxpayer within the Project Area. The 4 parcels owned by National City Investment LP include a commercial office building located at 401 Mile of Cars Way. This building is occupied by the San Diego County In-Home Supportive Services Public Authority and several other tenants. The four parcels were purchased by National City Investment LP on July 6, 2016 for \$42.7 million and this caused the reappraisal of the properties for the 2017-18 tax roll. The second largest taxpayer is Costco Wholesale Corporation. This facility is not a Costco retail store but is a large optical laboratory owned by Costco. This facility manufactures optical products sold in Costco stores.

The prior owner of the National City Investment LP parcels, Walton Greenlaw South Bay Holdings VI, filed assessment appeals for the 2016-17 valuations on the four parcels that it owned. These appeals are currently pending. This is the only taxpayer within the top ten taxpayers for the Project Area that has pending appeals on file. The pending appeals are seeking a combined reduction in value of \$10.8 million (-50.42%).

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value

upon a parcel's sale, improvement or other reason for reassessment. Article XIII A of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or new construction occurs. Following the fiscal year that a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not refer to the base year value of the Project Area. Pursuant to Article XIII A, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the Board) may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through fiscal year 2016-17 there were ten occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reduction to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. The table below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the estimated adjustment factor for the next fiscal year.

Table F	
Historical Inflation Adjustment Factors	
<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2007-08	2.000%
2008-09	2.000%
2009-10	2.000%
2010-11	-0.237%
2011-12	0.753%
2012-13	2.000%
2013-14	2.000%
2014-15	0.454%
2015-16	1.998%
2016-17	1.525%
2017-18	2.000%

On December 13, 2016, the Board determined that the inflationary adjustment for fiscal year 2017-18 would be 2.00%. This factor was incorporated into the values published by the Assessor for the current fiscal year. For purposes of the projection we have assumed that the inflation

adjustment factor for future years will be 2.00%. This assumption is based on the fact that the inflation adjustment factor has been at the maximum allowed amount of 2.00% in 33 of the 44 years since the adoption of Proposition 13.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. We have not included revenues resulting from Supplemental Assessments in the projections. Table G illustrates the amounts of Supplemental Revenues that have been received by the Successor Agency for the Project Area in fiscal years 2012-13 through 2016-17.

Table G	
Historical Supplemental Revenue Allocations	
<u>Fiscal Year</u>	<u>Supplemental Revenue</u>
2012-13	\$377,107
2013-14	611,596
2014-15	470,973
2015-16	344,134
2016-17	834,636

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and within the Project Area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of \$1.00 per \$100 of taxable value and the over-ride tax rate, if any. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. The over-ride tax rates typically decline each year due to (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and, (2) the eventual retirement of debt over time. There is only one debt service over-ride tax rate levied within the Project Area that received voter approval prior to December 31, 1988. This tax rates is levied by the Metropolitan Water District for payment of the cost of water purchases pursuant to State water

contracts. In addition, there are three voter approved debt service tax rates levied by the City of National City; seven debt service tax rates levied by the Sweetwater High School District; and, eight debt service tax rates levied by the Southwestern Community College District. These tax rates were approved by voters after December 31, 1988 and have never produced tax increment revenue that was allocated to the Project Area.

ABx1 26 was adopted in late June 2011 (see Legislation, Section VI). Section 34183(a)(1) of that legislation requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. SB 107 has amended several of the provisions of ABx1 26 and AB 1484. With regard to debt service override tax rates levied for pension fund programs and state water contracts, the revenue generated from these tax rates, including that revenue generated by the Metropolitan Water District (the "MWD") state water contract override tax rates (see below) will no longer be allocated to the Successor Agency unless these revenues have been pledged to the payment of debt service on bonds. Any debt service override tax rate revenues that have been pledged to debt service but are not needed to make the debt service payments on the bonds will be allocated directly to the entities that have levied the override tax rate.

The tax increment revenues used in this projection are derived only from the general levy tax rate. The components of the total tax rates for 2017-18 that are applied within the tax rate areas of the Project Area are reflected in Table H below.

Table H 2017-18 Secured Tax Rates	
General Levy	1.00000
RDA Eligible D/S Rates	.00000
Total RDA Eligible Tax Rate:	1.00000
<u>Non-RDA Eligible Tax Rates</u>	
National City 2002 Series A	.00880
National City Prop N Series 2014 A	.02867
Sweetwater High School Bond 2000 A	.00409
Sweetwater High School Bond 2000 C	.01185
Sweetwater High School Bond 2014 Refunding	.01106
Sweetwater High School Bond 2016 Refunding	.01786
Sweetwater High School Bond 2016 B	.00676
Southwestern Community College Bond Refunding 2005	.01129
Southwestern Community College Series 2009 A	.00236
Southwestern Community College Series 2009 B	.00830
Southwestern Community College Prop R 2010 C	.00578
Southwestern Community College Bond 2015 Refunding	.00483
Southwestern Community College Bond 2015 D	.00600
Metropolitan Water District – Remainder SDCWA 1501999	.00350
Total Tax Rate:	<u>1.13115</u>

D. Allocation of Taxes

Taxes on secured property values paid by property owners are due in two equal installments on November 1 and on February 1 and become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Prior to dissolution of

redevelopment agencies, the County disbursed secured tax increment revenue to the former redevelopment agencies from November through August with approximately 45 percent of secured revenues apportioned by the end of December and a total of 95% of the secured revenues by the end of the following May. Unsecured revenues were disbursed to the former redevelopment agencies from September through June of each fiscal year with approximately 90% of the unsecured revenues being apportioned in September. The County Auditor-Controller apportions tax increment revenue based on collections and does not utilize the alternative allocation method known as the Teeter Plan. The apportionment schedule described above and the apportionment of tax increment revenue based on collections was in use by the County Auditor Controller for many years prior to redevelopment dissolution and continues to be the pattern of tax increment revenue allocation.

As of February 1, 2012, the apportionment of tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Revenue is now apportioned to Successor Agencies on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own County administrative charges and is to calculate and deduct amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the Former RDA.

Prior to receiving revenues on January 2 and June 1, the Successor Agency must adopt a Recognized Obligation Payment Schedule (ROPS) that lists the debt obligations of the Former RDA that must be paid during the six-month periods of January 1 through June 30 and July 1 through December 31. There is a provision in the legislation for a Successor Agency to request additional amounts in one ROPS payment to allow it to make payments that may be beyond the revenues available in the particular allocation cycle. As the result of the recent adoption of SB 107, beginning with the ROPS submittal for the June 1, 2016 RPTTF allocation, a single ROPS will be approved for a full year of RPTTF allocations. The ROPS approved for each June 1 RPTTF allocation will also include the payment obligations for the subsequent January 2 RPTTF allocation. There is provision in the law for the approved ROPS to be amended one time after its initial approval but only to revise a payment amount to be made during the second RPTTF allocation (January 1 through June 30) and only with Oversight Board approval. The ROPS and any ROPS amendments must receive approval from the Successor Agency Board, the Oversight Board prior to submittal to the State Department of Finance (the "DOF") and must also receive approval from the DOF. The ROPS must be filed with the DOF by February 1 of each year after approval by the Successor Agency Board and the Oversight Board.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by AB1x 26 at the greater of \$250,000 per year or a maximum of 3% of the amount allocated from the RPTTF. AB

1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated. Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of RPTTF revenue will be carried over to the next RPTTF allocation for payment as funds become available.

As a result of passage of SB 107, commencing July 1, 2016 the administrative cost allowance will be 3% of the actual property taxes allocated to the Successor Agency in the preceding fiscal year less the Successor Agency's administrative cost allowance and any city loan repayment amounts. If, however, 3% of the actual property taxes allocated in the preceding fiscal year is greater than 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and any city loan repayment amounts, then the administrative cost allowance shall not exceed 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and any city loan repayment amounts.

If there are RPTTF amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements and/or statutorily required tax sharing obligations, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to tax entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue as a result of its tax sharing agreement, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased. (See Section VII – Tax Sharing Agreements and Other Obligations, below). The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

The following Table I reflects the actual allocation of tax revenues for fiscal years 2012-13 through 2016-17 to date.

Table I Successor Agency RPTTF Allocations						
Fiscal Years	ROPS Filed	RPTTF Deposits	County Admin. Charges	Pass Through Distributions	Allocated for Enforceable Obligations	Residual Revenue
2012-13	ROPS 3 & 13-14A	\$14,224,454	\$270,654	\$1,268,921	\$11,505,010	\$1,179,869
2013-14	13-14B & 14-15A	15,342,062	282,052	1,251,346	13,608,368	200,296
2014-15	14-15B & 15-16A	15,347,603	271,017	1,094,892	12,705,481	1,276,213
2015-16	15-16B & 16-17A	16,352,026	265,683	3,399,857	11,558,679	1,127,808
2016-17	16-17B & 17-18A	17,478,152	262,395	3,707,638	7,740,998	5,767,120

E. Annual Tax Receipts to Tax Levy

The County Auditor-Controller apportions tax revenues to the RPTTF based upon the amount of the tax levy that is received from the taxpayers. Collection rates for the Project Areas have been consistently high. The following table illustrates the final tax revenue collections for the most

recent five fiscal years. To calculate the rate of collections, the revenue allocated to the component project areas for current year revenues (secured, unsecured and Homeowners exemption revenues) are compared to the adjusted tax charge for that year. Occasionally, a collection rate of greater than 100% or an abnormally low collection rate occurs when roll corrections are made by the Assessor after publication of the tax roll.

Table J
Current Year Collection Rates
for Most Recent Five Years

Fiscal Year	Adjusted Tax Levy	Current Year Apportioned	Prior Year Collections	Total Apportioned	Current Year Collections (%)	Total Collection (%)
2012-13	\$13,932,355	\$13,763,581	\$443,386	\$14,206,966	98.79%	101.97%
2013-14	14,875,368	14,724,955	647,374	15,372,329	98.99%	103.34%
2014-15	15,030,004	14,889,539	498,479	15,388,018	99.07%	102.38%
2015-16	16,148,837	16,024,811	393,951	16,418,761	99.23%	101.67%
2016-17	16,904,587	16,753,565	903,528	17,657,093	99.11%	104.45%

E. Assessment Appeals

Assessment appeals granted under Section 51 of the Revenue and Taxation Code (also known as Prop 8 Appeals) require that, for each subsequent lien date, the value of real property shall be adjusted to be the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under this code section may be initiated by the Assessor or requested by the property owner.

After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine the full cash value of the property and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases shall be consistent with the full cash value of the property and, as a result, may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation it, once again, is subject to the annual inflationary factor growth rate allowed under Article XIII A. (See Section X).

Assessment appeals may also be requested as adjustments to a property's base year value. If such an appeal is granted with a change in value, the base year value of the property is adjusted accordingly and that value is subsequently adjusted for new construction, demolition and any other changes requiring revaluation of the parcel's land, improvement and personal property values and by the annual inflationary factor growth rate allowed under Article XIII A.

For fiscal years 2012-13 through 2016-17 and based on hearing data through August 8, 2017 there are 29 pending assessment appeals within the Project Area. The values under appeal total \$63.8 million and the owners are seeking reductions totaling \$31.4 million (-49.26%). Based on the average number of appeals allowed over the past five years and the average reduction in value achieved in those successful appeals, we estimate that 21 of the currently pending appeals will be

allowed with a reduction of \$5.8 million. The expected reduction in value has been incorporated into the projection as a reduction in assessed value for fiscal year 2018-19.

Table K below shows the number of appeals that are pending, the values under appeal within the Project Area.

Table K Historical Assessment Appeal Summary Fiscal Years 2012-13 through 2016-17							
Total Appeals Filed	No. of Resolved Appeals	No. of Appeals Allowed	Average Reduction	No. of Appeals Pending	Value Under Appeal	Est. Appeals to be Allowed	Est. AV Loss on Pending Appeals Allowed (2018-19 AV Adj.)
112	83	60	15.72%	29	\$63,771,483	21	\$5,826,792

G. County Property Tax Collection Reimbursement

Chapter 466, adopted by Senate Bill 2557, allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. The amounts that are reimbursed are the costs connected with the collection and distribution of property taxes for the Tax Collector, the Auditor Controller and the Assessor. The portions of the reimbursement amount that are allocated to each taxing entity within the County are based on the percentage of the total assessed value in the County that each taxing entity's assessed value represents. The Project Area's Property Tax Collection Reimbursement charge for 2016-17 was \$177,411. This amount is approximately 1.05% of the 2016-17 Gross Tax Revenues for the Project Area. The estimated charge for 2017-18 and future years is based on this same percentage of Gross Tax Revenue.

In addition to the amounts charged by the County for administration of property taxes under SB 2557, pursuant to ABx1 26, the County may charge an administrative fee for administration of the RPTTF. The amount charged to the Successor Agency for the January 2, 2017 and June 1, 2017 RPTTF allocations was \$49,628 and \$35,356 respectively. This nominal amount has not been factored into the projections.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to fiscal year 1988-89, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenues above 2%

would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

The unitary revenue allocation for 2017-18 is not yet available. The amount of unitary revenues allocated to the Project Area for 2016-17 is \$216,564. The projection assumes that unitary revenue will continue to be allocated in this same amount for all years within the projection.

V. Low and Moderate-Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 % of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate-income housing fund (the "Housing Set-Aside Requirement"). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of ABx1 26, the Housing Set-Aside Requirement was eliminated. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated Due Diligence Review. The amounts found to be unencumbered through this Due Diligence Review have been paid to the County and these funds have been allocated to the taxing entities within the Project Area.

VI. Legislation

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. The Former RDA could have used any funds legally available and not legally obligated for other uses, including agency reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate-Income Housing Fund (the "Housing Fund") to satisfy this obligation. From fiscal years 1995-96 to 2001-02, state budgets were adopted with no additional shifting of tax increment revenues from redevelopment agencies, however, the fiscal year 2002-03 State Budget required a shift of \$75 million of tax increment revenues statewide from redevelopment agencies to ERAF to meet the state budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the fiscal year 2002-03 budget, the shift requirement for the former redevelopment agencies to make payments into the ERAF was limited to fiscal year 2002-03 only.

As part of the State's fiscal year 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute \$135 million to local County ERAF which reduced the amount of State funding for schools. This transfer of funds was limited to fiscal year 2003-04 only. Under the Law as amended by SB 1045, the redevelopment agencies were authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the agencies could repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years were to be deducted from the cumulative tax increment amounts applied to a project area's cumulative tax increment revenue limit. The passage of SB 107 has

eliminated these time limits effective for all fiscal years after the adoption by the State of the legislation dissolving redevelopment agencies.

After the State's budget for fiscal year 2004-05 was approved by the legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State were required to pay a total of \$250 million to ERAF for fiscal year 2004-05 and for fiscal year 2005-06. The payments were due on May 10 of each fiscal year. As in previous years, payments were permitted to be made from any available funds other than the Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50% of the current year Housing Tax Set-Aside Requirement, however, the borrowed amount was required to be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). Under SB 1096, redevelopment plans with less than ten years of effectiveness remaining from June 30, 2005, could be extended by one year for each year that an ERAF payment is made. For redevelopment plans with 10 to 20 years of effectiveness remaining after June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made if the city council could find that the former redevelopment agency was in compliance with specified state housing requirements. These requirements are: 1) that the agency is setting aside 20% of gross tax increment revenues; 2) that housing implementation plans are in place; 3) that replacement housing and inclusionary housing requirements are being met; and, 4) that no excess surplus existed. As outlined below, the method by which ERAF loans from the Housing Fund may be repaid has been modified by the adoption of AB 1484. The requirement for repayment of these loans by certain dates has been eliminated.

In July 2009, the Legislature adopted AB 26 4x as a means of implementing a package of 30 bills that were adopted in order to close the State's budget deficit. Under this legislation the former redevelopment agencies statewide were required to pay into their county's "Supplemental" ERAF (the "SERAF"), \$1.7 billion in fiscal year 2009-10 and were required to pay another \$350 million in fiscal year 2010-11. Based on a State Controller formula, the former redevelopment agencies were required to pay the required amounts by May 2010 and May 2011 respectively.

Under this legislation, the former redevelopment agencies could use any available funds to make the SERAF payments. If Housing Set-Aside Requirement or Housing Fund amounts were borrowed to make the SERAF payment, the borrowed amounts were required to be repaid to the Housing Fund by June 30, 2015 and June 30, 2016 respectively. Under the requirements of Section 34191.4 amended by AB 1484, however, redevelopment agencies that borrowed from the Housing Fund to make the required SERAF payments for 2010 and for 2011 may only repay the borrowed amounts from annual amounts that are 50% of the increase in annual Residual Revenues that are above the Residual Revenue for fiscal year 2012-13. Repayment amounts are, under current legislation, to be repaid to the Successor Housing Agency established pursuant to ABx1 26 and AB 1484 (see below). Repayment of SERAF payment amounts borrowed from the Housing Fund may only be repaid from growth in Residual Revenue. As a result, the repayment of these amounts will have no impact on the Successor Agency's ability to repay indebtedness.

ABx1 26 and ABx1 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. ABx1 26 would dissolve redevelopment agencies statewide effective October 1, 2011 and suspend all redevelopment activities as of its effective date. ABx1 27 would allow redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special

districts. The bills were signed by the Governor in late June 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2012, the Supreme Court ruled that ABx1 27 was unconstitutional and that ABx1 26 was not unconstitutional. On June 27, 2012, the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of ABx1 26 based on experience after its implementation.

Once the obligations of the former redevelopment agencies have been recognized as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the annual adoption of ROPS by the Oversight Board that is made up of representatives of taxing entities within the former redevelopment agency. Membership of the Oversight Board is dictated by Section 34179 of the Law. Effective July 1, 2018, there will be a single Oversight Board in each county, except for Los Angeles County that will have 5 Oversight Boards, that will be responsible for adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that may be paid by the Successor Agency on the former redevelopment agency's debts during the six-month periods following payments to the Successor Agency from the RPTTF by the County Auditor-Controller on January 2 and June 1 of each year.

In 2015 the legislature approved SB 107. Among the changes to the dissolution statutes that were included in SB 107 was the affirmative elimination of the effectiveness of time and tax increment limits from the redevelopment plans of the former project areas. Section 34189(a) now provides that the elimination of these limits will not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations in the redevelopment plans had been reached. It doesn't appear that any of the obligations of the Successor Agency will be affected by this change to the law.

Numerous lawsuits have been filed on various aspects of ABx1 26 and AB 1484 which could impact the dissolution of redevelopment agencies. Our projections could be impacted as a result of future court decisions.

VII. Tax Sharing Agreements and Other Obligations

When the Project Area component project areas were adopted, the Former RDA entered into a number of tax sharing agreements with affected taxing entities. A discussion of the terms of these agreements follows.

A. Tax Sharing Agreements

The Former RDA entered into five tax sharing agreements that affect the revenues of the Project Area. The Former RDA entered into an agreement with the Southwestern Community College District on August 6, 1991 that is applicable to all component project areas except the Harbor District. This agreement required that the District receive 42% of the District's share (4.75%) of general levy tax increment revenue. In addition, the Former RDA entered into a tax sharing agreement with the San Diego County Office of Education that required payments to the Office of Education of its full share (2.12%) of general levy tax increment revenue. This agreement also applies to all component project areas other than Harbor District. The Office of Education's share of the general levy is made up of ten subsidiary entities that operate within the jurisdiction of the Office of Education.

The Former RDA has also entered into an agreement with the County of San Diego that applies to all component project areas except Harbor District. This agreement required the Former RDA to make payments of a fixed amount to the County annually through fiscal year 2009-10. These fixed amounts are determined by the agreement to be subordinate to payment of debt service on bonded indebtedness by the Former RDA and the obligation to make these payments has expired. In addition, the agreement required that through fiscal year 2014-15 the Former RDA pay to the County its share (14.99%) of general levy tax increment revenue derived from annual assessed value growth that was above a level of value that is calculated from 6% compounded annual growth in assessed value above the Project Area's 1997-98 assessed value, excluding Harbor District.

In the years prior to 2014-15, the Project Area's assessed values never exceeded this compounded assessed value growth. By the terms of the agreement, beginning in fiscal year 2015-16 the County began to receive its full share (14.99%) of general levy tax increment revenue from all component sub-areas other than Harbor District.

The Former RDA entered into agreements with the Sweetwater Union High School District and the National School District that provided for these districts to receive one-time payments of \$3 million each for use on capital improvement projects within National City. These payments were made prior to January 1992. The payments discharged all future tax sharing obligations of the Former RDA.

Chapter 942 of the Statutes of 1994 required that for redevelopment projects adopted after January 1, 1994, tax sharing payments were to be made in accordance with a formula outlined in the statute and that negotiated tax sharing agreements were no longer allowed. Despite this prohibition, on December 3, 1996 and after negotiations with the County Chief Administrative Office, the Former RDA requested that the County agree to an amendment of the agreement that was applicable to the component project areas other than the Harbor District outlined above and that was intended to mandate tax sharing payments from revenues of the Harbor District component area. This amendment required the Former RDA to pay to the County 65% of its share of general levy tax increment revenue on annual assessed value growth of 5 percent or less. The agreement further required that the Former RDA pay to the County 100% of its share of general levy tax increment derived from annual assessed value growth that is above 5 percent. The agreement provided that beginning in fiscal year 2015-16, the Former RDA would pay the County 100% of its share of general levy tax increment revenue.

A signed version of this amendment has not been produced by the Former RDA and, prior to dissolution, the County Auditor-Controller never invoiced the Former RDA any Harbor District tax sharing amounts other than the statutory tax sharing amounts. The amendment of the Former RDA's agreement with San Diego County to include the Harbor District appeared to be contrary to the requirements of Chapter 942. Since the payments outlined in this amendment to the agreement has never been applied, we have assumed that the amendment to the negotiated tax sharing agreement may not be enforced and that only the statutory payment requirements will be paid from within Harbor District.

B. Statutory Tax Sharing Payments

With the adoption of Ordinance 2004-237 and by eliminating the time limit on incurring indebtedness for all component projects except the Harbor District, the Former RDA was required

to make statutory tax sharing payments to those taxing entities that have not entered into tax sharing agreements. As the result of their having entered into tax sharing agreement, no statutory payments are made to the County General Fund, the San Diego County Office of Education, the Southwestern Community College District, Sweetwater Union High School District and National School District. Within all component project areas, excluding the Harbor District, tax sharing payments will be made to all taxing entities that are not subject to tax sharing agreements in accordance with the three-tiered formulas for statutory tax sharing payments required of those project areas adopted after January 1, 1994. Since the time limit on incurrence of new debt for these project areas was passed on January 1, 2004, these statutory tax-sharing payments began in the following fiscal year, 2004-05. According to the Law, these statutory tax sharing payments will continue until the termination date of each component project area.

Beginning in 2004-05 and using each component project area's 2003-04 assessed values as a base value but excluding the Harbor District, the Former RDA was obligated to pay the combined taxing entities 25% of the revenue generated by the component project area's annual incremental value net of the Housing Set-Aside requirement. Beginning in 2014-15 and using the project area's 2013-14 assessed values as a base value for the second tier of statutory tax sharing payments, the Former RDA was additionally obligated to pay the combined taxing entities 21% of the revenue generated by the component project area's annual second tier of incremental value net of the Housing Set-Aside requirement. The third tier of statutory tax sharing payments will not be initiated before the termination of the redevelopment plan.

Within the Harbor District, these statutory tax sharing payments began in 2001-02, the first year that the component project area received tax increment revenue. The Former RDA is obligated to pay all taxing entities on a prorated basis 25% of the revenue generated by the component project area's annual incremental value net of the Housing Set-Aside requirement. Beginning in 2011-012 and using the project area's 2010-11 assessed values as a base value for the second tier of statutory tax sharing payments, the Former RDA was additionally obligated to pay the taxing entities 21% of the revenue generated by the Harbor District's annual second tier of incremental value net of the Housing Set-Aside requirement. The third tier of statutory tax sharing payments will be initiated in fiscal year 2031-32 and using the component project area's 2030-31 assessed values as a base value, the Former RDA will additionally be obligated to pay the taxing entities 14% of the revenue generated by the Harbor District's annual third tier of incremental value net of the Housing Set-Aside requirement

VIII. Transfers of Ownership

Value will be added to the projected values for fiscal year 2018-19 as the result of transfers of ownership that occurred after the January 1, 2017 lien date for the 2017-18 tax roll. These parcel transfers will add new value to the 2018-19 tax rolls as illustrated in Table L below.

Table L Value Added to Projected Tax Rolls From Transfers of Ownership		
	No. of Transfers of Ownership	Value To Be Added
Value added to 2018-19 Tax Roll	131	\$36,962,087

IX. Trended Taxable Value Growth

In accordance with Proposition 13, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year. A 2% growth rate is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but ten years since 1981. The years in which less than 2% growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%), 2014-15 (0.454%), 2015-16 (1.998%) and 2016-17 (1.525%). The Board announced on December 13, 2016 that the annual inflationary adjustment for 2017-18 would be 2%. We have assumed this same adjustment in all subsequent fiscal years. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than 2% when real estate values increase more than 2% (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this Report might also impact taxable assessed values and Gross Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

Successor Agency to the CDC as National City Redevelopment Agency
National City Redevelopment Project



Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

9/7/2017

Table 1

Taxable Values (1)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Real Property (2)	2,169,608	2,244,019	2,288,899	2,334,677	2,381,371	2,428,998	2,477,578	2,527,130	2,577,672	2,629,226
Personal Property (3)	105,284	105,284	105,284	105,284	105,284	105,284	105,284	105,284	105,284	105,284
Total Projected Value	2,274,892	2,349,303	2,394,183	2,439,961	2,486,655	2,534,282	2,582,862	2,632,414	2,682,956	2,734,510
Taxable Value over Base	412,996	1,861,896	1,936,307	1,981,188	2,026,966	2,073,659	2,121,286	2,169,866	2,219,418	2,269,961
Gross Tax Increment Revenue (4)	18,619	19,363	19,812	20,270	20,737	21,213	21,699	22,194	22,700	23,215
Unitary Tax Revenue	217	217	217	217	217	217	217	217	217	217
Gross Revenues	18,836	19,580	20,028	20,486	20,953	21,429	21,915	22,411	22,916	23,432
LESS:										
SB 2557 Admin. Fee (5)	(198)	(205)	(210)	(215)	(220)	(225)	(230)	(235)	(240)	(246)
Housing Set Aside Requirement (6)	0	0	0	0	0	0	0	0	0	0
Tax Sharing Payments										
SB 211 Statutory Tax Sharing Tier 1 (7)	(342)	(368)	(383)	(399)	(414)	(430)	(446)	(463)	(480)	(497)
SB 211 Statutory Tax Sharing Tier 2 (7)	(125)	(143)	(155)	(168)	(180)	(194)	(207)	(221)	(235)	(250)
SB 211 Statutory Tax Sharing Tier 3 (7)	0	0	0	0	0	0	0	0	0	0
San Diego County Office of Education (8)	(365)	(380)	(388)	(397)	(406)	(415)	(424)	(434)	(443)	(453)
Southwestern Community College District (9)	(344)	(358)	(366)	(374)	(383)	(391)	(400)	(409)	(418)	(428)
County of San Diego (10)	(2,583)	(2,689)	(2,750)	(2,812)	(2,875)	(2,940)	(3,006)	(3,073)	(3,142)	(3,212)
AB 1290 Statutory Tax Sharing Tier 1 (7)	(320)	(328)	(336)	(345)	(354)	(363)	(372)	(382)	(391)	(401)
AB 1290 Statutory Tax Sharing Tier 2 (7)	(110)	(116)	(123)	(131)	(138)	(146)	(154)	(161)	(170)	(178)
AB 1290 Statutory Tax Sharing Tier 3 (7)	0	0	0	0	0	0	0	0	0	0
Tax Revenues	14,449	14,992	15,316	15,646	15,982	16,325	16,675	17,032	17,396	17,768

Tax Allocation Bonds/National City 2017 Refunding/National City SA 2017 TARF - Projection v4

Successor Agency to the CDC as National City Redevelopment Agency **National City Redevelopment Project**

Table 1
Footnotes

9/7/2017

- (1) Taxable values as reported by San Diego County.
- (2) Real property consists of land and improvements. Increased for inflation at 2.00% annually. Values for 2018-19 are increased by \$37 million for sales occurring after January 1, 2017 and decreased by \$5.8 million for estimated losses on pending appeals.
- (3) Personal property is held constant at 2017-18 level.
- (4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of \$1.00 per \$100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
- (5) County administration fee is estimated at 1.05% of Gross Revenue.
- (6) Per ABx1 26, the low and moderate income housing requirement is no longer applicable. Debts secured by Housing Set-Aside funds will hereafter be secured by tax revenues allocable to the Successor Agency.
- (7) The last dates to incur new debt for the constituent project areas were established by Ordinance No. 94-2086 pursuant to the Law. These limits were eliminated pursuant to Ordinance No. 2004-2237. The elimination of these limits triggers the initiation of statutory tax sharing payments. Beginning with the fiscal year following a Project Area's time limit to incur new debt is exceeded and using the prior years' values as the tax sharing payments base level of value, Taxing Entities that do not have existing tax sharing agreements begin to receive their shares of 25% of total tax increment revenue net of Housing Set-Aside. In addition, in year 11, these Taxing Entities receive 21% of tax revenue on incremental value above the values for year 10 net of Housing Set-Aside. For the Downtown Amendment Project Area only, in year 31, these Taxing Entities also receive 14% of tax revenue on incremental value above the value for year 30 net of Housing Set-Aside.
 Tax sharing payments are projected through the last date for repayment of indebtedness, during which time a third tier of statutory tax sharing payments would not be initiated for constituent project areas other than the Downtown Amendment. The City is considered a taxing entity and may opt to receive its share of the first tier of this pass through amount. The Harbor District Project Area was adopted after January 1, 1994 and, thus, Taxing Entities receive their shares of 25% of total tax increment revenue. In addition, after year 10, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value. After year 30, Taxing Entities receive 14% of tax revenue on incremental value above the year 30 value. National City is considered a taxing entity and may elect to receive its share of the tier 1 pass through amount.
- (8) San Diego County Office of Education receives its share (2.12%) of general levy tax increment revenue within the National City Downtown Project Area.
- (9) Southwestern Community College District receives 42% of its share (4.75%) of general levy tax increment revenue within the National City Downtown Project Area..
- (10) Within the National City Downtown Project Area, beginning in fiscal year 1998-99 and ending in 2014-15, San Diego County receives all tax revenue derived from assessed value that is above the assessed value for 1997-98 as adjusted upwards at the rate of 6% annually less an amount equivalent to the 6.87% that is obligated to be paid to the San Diego County Office of Education and to the Southwestern Community College District. Beginning in fiscal year 2015-16, the County shall receive its share (14.99%) of general levy tax increment revenue.
 Within the Harbor District Redevelopment Project, the Former Agency entered into an amendment with to the agreement with the County in which a payment exists that is over an above the statutory payments required under the Law. No payments are being made by the County Auditor-Controller pursuant to this agreement and it is assumed that no payments will be made.

Tax Allocation Bonds/National City 2017 Refunding/National City SA 2017 TARF - Projection v4

Successor Agency to the CDC as National City Redevelopment Agency

National City Redevelopment Project

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

Table 2



09/07/17

		Taxable Value		Gross Tax	SB 2557	Housing	Statutory Tax Sharing Payments			San Diego Co.	Southwestern	County of	Tax
		Total	Over Base				Tier 1	Tier 2	Tier 3				
		<u>Taxable Value</u>	<u>Various</u>	<u>Revenue</u>	<u>Change</u>	<u>Set-Aside</u>				<u>Office of Education</u>	<u>Community College</u>	<u>San Diego</u>	<u>Revenues</u>
1	2017-18	2,274,892	1,861,896	18,836	(198)	0	(663)	(234)	0	(365)	(344)	(2,583)	14,449
2	2018-19	2,349,303	1,936,307	19,580	(205)	0	(696)	(259)	0	(380)	(358)	(2,689)	14,992
3	2019-20	2,394,183	1,981,188	20,028	(210)	0	(720)	(279)	0	(388)	(366)	(2,750)	15,316
4	2020-21	2,439,961	2,026,966	20,486	(215)	0	(744)	(298)	0	(397)	(374)	(2,812)	15,646
5	2021-22	2,486,655	2,073,659	20,953	(220)	0	(768)	(319)	0	(406)	(383)	(2,875)	15,982
6	2022-23	2,534,282	2,121,286	21,429	(225)	0	(793)	(340)	0	(415)	(391)	(2,940)	16,325
7	2023-24	2,582,862	2,169,866	21,915	(230)	0	(819)	(361)	0	(424)	(400)	(3,006)	16,675
8	2024-25	2,632,414	2,219,418	22,411	(235)	0	(845)	(383)	0	(434)	(409)	(3,073)	17,032
9	2025-26	2,682,958	2,269,961	22,916	(240)	0	(871)	(405)	0	(443)	(418)	(3,142)	17,396
10	2026-27	2,734,510	2,321,514	23,432	(246)	0	(898)	(428)	0	(453)	(428)	(3,212)	17,768
11	2027-28	2,787,094	2,374,099	23,958	(251)	0	(925)	(451)	0	(463)	(437)	(3,283)	18,147
12	2028-29	2,840,730	2,427,735	24,494	(257)	0	(954)	(474)	0	(474)	(447)	(3,356)	18,533
13	2029-30	2,895,439	2,482,444	25,041	(263)	0	(982)	(498)	(6)	(484)	(457)	(3,430)	18,921
14	2030-31	2,951,242	2,538,247	25,599	(269)	0	(1,011)	(523)	(12)	(495)	(467)	(3,506)	19,317
15	2031-32	3,008,161	2,595,166	26,168	(275)	0	(1,041)	(548)	(18)	(506)	(477)	(3,583)	19,721
16	2032-33	3,066,219	2,653,224	26,749	(281)	0	(1,071)	(573)	(24)	(517)	(488)	(3,662)	20,133
				363,995	(3,820)	0	(13,802)	(6,371)	(59)	(7,043)	(6,644)	(49,900)	276,356

Tax Allocation Bonds/National City 2017 Refunding/National City SA 2017 TARF - Projection v4

Successor Agency to the CDC as National City Redevelopment Agency

National City Redevelopment Project

HISTORICAL VALUES (1)

Table 3



9/7/2017

	Revised Base Year (2007-08)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<u>Secured (2)</u>											
Land	172,658,413	866,778,166	829,321,140	782,038,700	773,460,323	789,681,266	829,221,664	846,410,530	887,728,162	936,142,489	1,026,880,142
Improvements	207,551,094	935,130,633	890,780,005	892,732,607	892,223,724	909,174,738	951,917,172	978,479,233	1,026,593,234	1,073,139,265	1,192,408,529
Personal Property	4,200,094	2,959,716	2,539,731	2,552,021	2,708,376	26,102,483	2,523,207	2,484,217	2,591,769	2,436,690	3,628,849
Exemptions	(4,336,900)	(56,192,874)	(63,171,772)	(66,945,537)	(68,093,624)	(66,549,621)	(71,289,068)	(71,203,771)	(60,381,447)	(79,146,995)	(103,743,039)
Total Secured	380,072,701	1,748,675,641	1,659,469,104	1,610,377,791	1,600,298,799	1,658,408,866	1,712,372,975	1,756,170,209	1,856,531,718	1,932,571,449	2,119,174,481
<u>Unsecured</u>											
Land	0	0	0	0	0	0	0	0	0	0	0
Improvements	22,569,953	37,639,129	38,937,151	37,423,900	40,484,560	37,888,884	50,031,068	47,117,520	53,648,181	54,029,933	54,062,298
Personal Property	10,714,977	94,803,176	95,001,447	86,794,977	91,976,069	85,306,432	113,372,648	92,284,335	96,159,056	97,114,684	102,735,812
Exemptions	(362,112)	(709,637)	(1,042,185)	(1,414,108)	(1,154,534)	(1,642,755)	(1,544,067)	(1,544,974)	(1,567,597)	(1,373,725)	(1,080,822)
Total Unsecured	32,922,818	131,732,668	132,896,413	122,804,769	131,306,095	121,532,561	161,859,649	137,856,881	148,239,640	149,770,892	155,717,288
GRAND TOTAL	412,995,519	1,880,408,309	1,792,365,517	1,733,182,560	1,731,604,894	1,779,981,427	1,874,232,624	1,894,027,090	2,004,771,358	2,082,342,341	2,274,891,769
		1,467,412,790	1,379,369,598	1,320,187,041	1,318,609,375	1,366,965,908	1,461,237,105	1,481,031,571	1,591,775,839	1,669,346,822	1,861,896,250
			-6.00%	-10.03%	-0.12%	3.54%	6.90%	1.35%	7.48%	4.87%	11.53%

(1) Source: County of San Diego

(2) Secured values include state assessed non-unitary utility property.

Tax Allocation Bonds/National City 2017 Refunding/National City SA 2017 TARB - Projection v4

Successor Agency to the CDC as National City Redevelopment Agency

National City Redevelopment Project

TOP TEN TAXABLE PROPERTY OWNERS

Fiscal Year 2017-18

Table 4



9/7/2017

	Secured			Unsecured			Total			Property Uses	Project Area
	Assessed Value	Parcels	Percentage	Assessed Value	Parcels	Percentage	Assessed Value	% of Projct Taxable Value	% of Projct Inc Value		
1. National City Investment LP (Pending Appeals On Parcels)	\$42,750,000	4	2.02%	\$0	0	0.00%	\$42,750,000	1.88%	2.30%	Commercial Offices and Parking	EJ Christman #1
2. Costco Wholesale Corporation	\$10,822,479	1	0.51%	\$30,715,509	2	19.73%	\$41,537,988	1.83%	2.23%	Costco Optical Laboratories	Harbor District Project
3. Conrad Prebys Trust	\$39,082,144	4	1.84%	\$0	0	0.00%	\$39,082,144	1.72%	2.10%	Multi-Family Residential & Commercial	Downtown Project
4. Fenton N C P LLC	\$33,560,138	16	1.58%	\$0	0	0.00%	\$33,560,138	1.48%	1.80%	Non-Contiguous Industrial/Warehouse	EJ Christman #1
5. Dixieline Lumber Company	\$25,721,017	3	1.21%	\$0	0	0.00%	\$25,721,017	1.13%	1.38%	Dixieline Shopping Center	Downtown Project
6. MGP XI US Properties LLC	\$25,398,537	22	1.20%	\$0	0	0.00%	\$25,398,537	1.12%	1.36%	Sweetwater Town & Country Shopping Center	Sweetwater Project
7. ROIC California LLC	\$23,010,720	3	1.09%	\$0	0	0.00%	\$23,010,720	1.01%	1.24%	Bay Plaza Shopping Center	Downtown Project
8. Walmart Real Estate Business Trust	\$19,968,620	1	0.94%	\$2,429,498	3	1.56%	\$22,398,118	0.98%	1.20%	WalMart Discount Retail Store	Downtown Project
9. Harborview Partners LLC	\$22,383,900	1	1.06%	\$0	0	0.00%	\$22,383,900	0.98%	1.20%	Harborview Apartments	Downtown Project
10. Marina Gateway Dev. Corp. LLC	\$20,944,719	5	0.99%	\$1,117,933	1	0.72%	\$22,062,652	0.97%	1.18%	Marina Gateway Hotel and Commercial	Harbor District Project
Totals:	\$263,642,274	60		\$34,262,940	6		\$297,905,214				
Total Assessed Values	\$2,119,174,481		12.44%	\$155,717,288		22.00%	\$2,274,891,769	13.10%			
Incremental Assessed Value	1,738,101,780		15.16%	122,794,470		27.90%	1,861,896,250	16.00%			

Tax Allocation Bonds/National City 2017 Refunding/National City SA 2017 TARB - Projection v4

Successor Agency to the CDC as National City Redevelopment Agency
National City Redevelopment Project
Transfers of Ownership/New Development
Table 5

<u>Real Property Value</u>	<u>SqFt/ Units</u>	<u>Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>000's omitted Total Value</u>		<u>Start</u>	<u>Complete</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
					<u>Added</u>							
	0	\$0.00	\$0	\$0	\$0				0	0	0	0
	0	\$0.00	\$0	\$0	\$0				0	0	0	0
	0	Lump Sum	\$0	\$0	0				0	0	0	0
Transfers of Ownership after 1/1/2017	131	Lump Sum	<u>\$97,606,509</u>	<u>\$60,644,422</u>	<u>36,962</u>				36,962	0	0	0
Total Real Property Value			\$97,606,509	\$60,644,422	36,962				36,962	0	0	0
Total Real Property inc. Inflation Adj. @ 2% per year										\$0	\$0	\$0

Tax Allocation Bonds/National City 2017 Refunding/National City SA 2017 TARF - Projection v4

ATTACHMENT E: Sources and Uses and Savings Tables

Sources			
	Series A	Series B (AMT)	Total
Par Amount of the Bonds	46,524,000.00	2,669,000.00	49,193,000.00
Prior DSRF and Debt Service Funds	4,462,020.78	334,563.10	4,796,583.88
2011 Bond Proceeds	695,278.00	-	695,278.00
Total Sources	51,681,298.78	3,003,563.10	54,684,861.88

Uses			
	Series A	Series B (AMT)	Total
Deposit to Escrow Accounts			
Deposit to 2005B/2011 Escrow Account	51,411,101.17	-	51,411,101.17
Deposit to 1999 Escrow Account	-	2,973,354.83	2,973,357.83
Costs of Issuance	270,000.00	30,000.00	300,000.00
Rounding	197.61	208.27	405.88
Total Uses	51,681,298.78	3,003,563.10	54,684,864.88

Savings					
Year Ending (8/1)	Principal	Interest	New Debt Service	Old Debt Service	Savings
2018	3,205,000.00	1,028,041.97	4,233,041.97	5,249,377.50	1,016,335.53
2019	3,153,000.00	1,141,896.70	4,294,896.70	5,311,627.50	1,016,730.80
2020	3,232,000.00	1,063,645.70	4,295,645.70	5,312,065.00	1,016,419.30
2021	3,169,000.00	983,434.10	4,152,434.10	5,169,365.00	1,016,930.90
2022	3,248,000.00	904,796.40	4,152,796.40	5,169,440.00	1,016,643.60
2023	3,326,000.00	824,198.10	4,150,198.10	5,167,130.00	1,016,931.90
2024	3,405,000.00	741,664.10	4,146,664.10	5,163,306.26	1,016,642.16
2025	3,491,000.00	657,170.80	4,148,170.80	5,164,350.00	1,016,179.20
2026	3,226,000.00	570,542.60	3,796,542.60	4,813,475.00	1,016,932.40
2027	3,219,000.00	490,519.40	3,709,519.40	4,725,550.00	1,016,030.60
2028	3,291,000.00	410,678.30	3,701,678.30	4,717,756.26	1,016,077.96
2029	3,322,000.00	329,050.90	3,651,050.90	4,667,656.26	1,016,605.36
2030	3,396,000.00	246,659.40	3,642,659.40	4,659,362.50	1,016,703.10
2031	3,215,000.00	162,099.00	3,377,099.00	4,393,887.50	1,016,788.50
2032	3,295,000.00	82,045.50	3,377,045.50	4,393,587.50	1,016,542.00
Total	49,193,000.00	9,636,442.97	58,829,442.97	74,077,936.28	15,248,493.31
Present Value (PV) of Gross Savings					12,730,145.27
Less: Funds from Prior Bonds					(-5,487,672.31)
Total Net PV Savings					\$7,242,472.96

ATTACHMENT F: Savings Impact by Affected Taxing Entity

Taxing Entity	Estimated Residual Revenue Share (%)	Estimated Increase to Annual Residual Revenue (\$)	Estimated Total Increase to Residual Revenue (\$)
County of San Diego	2.9%	29,408	441,122
National School District	33.6%	341,741	5,126,116
Sweetwater Union High School District	20.6%	209,103	3,136,551
Southwestern Community College District	5.5%	56,345	845,169
San Diego County Office of Education	0.4%	4,170	62,551
Educational Revenue Augmentation Fund (ERAF)	15.5%	157,774	2,366,614
City of National City	21.0%	213,346	3,200,197
San Diego County Water Authority	0.5%	4,678	70,174
Total Residual	100.0%	1,016,566	15,248,493

ATTACHMENT G: Estimated Costs of Issuance

ESTIMATED COSTS OF ISSUANCE		
Expense Type	Firm	Amount
Bond & Disclosure Counsel	Nossaman, LLP	55,000
Bond Counsel Expenses (NTE)	Nossaman, LLP	1,000
Municipal Advisor	NHA Advisors	64,500
City Admin. / Out of Pocket Costs	City of National City	35,000
Trustee	BNY Mellon	4,950
Escrow Agent	BNY Mellon & US Bank	2,500
Verification CPA	Causey, Demgen & Moore	3,500
OMS Bidding Agent	Causey, Demgen & Moore	4,500
Fiscal Consultant	HdL Companies	22,500
Placement Agent	Hilltop Securities	75,000
Purchaser's Counsel	Stradling, Yocca, Carlson & Rauth	15,000
CDIAC	CDIAC	5,000
Miscellaneous/Contingency		11,550
Total		300,000